

Value Clash Looms for U.S. and Asia

Washington's Emphasis
On Human Rights Issues
Could Hurt Relations

By Michael Richardson

SINGAPORE — The United States and East Asian nations appear headed toward a clash of values that could poison relations between them.

Tommy B. Koh, a former Singapore ambassador to the United States and the United Nations who heads his country's Institute of Policy Studies, said recently that he was worried that an "ideological battle" would develop between Asia and America over Washington's assertiveness in exporting democracy and human rights.

Such a conflict could raise trans-Pacific trade tensions, weaken security ties between the United States and its East Asian allies and friends, strengthen calls for the region to form its own economic bloc and place Japan in the position of having to choose between Asia and the United States.

Western pressure, particularly from the United States and the European Community, to use aid and trade as levers to promote political pluralism and individual liberties in countries that put greater emphasis on stability and social control has helped to form a common front of opposition in East Asia.

This is despite the area's political, ethnic and religious diversity, which normally makes a region-wide consensus impossible to reach.

Earlier this month, at a regional conference on human rights in Bangkok organized by the United Nations, all East Asian governments signed a declaration saying that the West should not use human rights as a condition for providing aid and that countries did not have the right to interfere in the internal affairs of others.

Japan, the world's largest aid donor, signed the declaration, although it formally registered some reservations.

The U.S. secretary of state, Warren M. Christopher, said in March that respect for human rights would be "a cornerstone of U.S. foreign policy." Not long afterward, Winston Lord, U.S. assistant secretary of state for East Asian and Pacific Affairs, said that the end of the Cold War "reduces the pressure to muffle concerns about unsavory governments for the sake of security."

Mr. Lord said that the spread of liberty affirmed America's values and served its interests.

"Open societies do not attack one another," he asserted. "They make better trading partners. They press for environmental reform. They do not practice terrorism. They do not produce refugees."

The end of Cold War constraints and the more active pursuit of human rights policy by the United States coincides with rapidly rising East Asian pride and self-confidence as the region continues an economic surge while Western economies falter.

"The stage is set for a major increase in Western exports of democracy and human rights just as East Asian nations are in a mood to resist," said George Hicks, an economist and writer on Asian affairs.

Malaysia's prime minister, Mahatir bin Mohamad, said in a recent speech that the United States should not use human rights as a condition for providing aid.

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A Bosnian soldier cycling with his son near Tuzla on Sunday, a day free of fighting there.

Pressured by Belgrade, Bosnian Serb Accepts Pact

Air Strikes Still Possible, Skeptical Clinton Warns

By Paul F. Horvitz

WASHINGTON — Still skeptical of Serbian intentions, President Bill Clinton signaled Sunday that he would pursue air strikes inside Bosnia unless talk of peace was backed up with concrete Serbian action to end the violence in the Balkans.

Mr. Clinton said in a statement that the signature of Radovan Karadzic, the Bosnian Serb leader, on a UN-brokered peace plan had not altered his resolve to blunt Serbian assaults in the Balkans.

The peace plan was put forward by two international mediators, Lord Owen, the former British foreign secretary, and Cyrus R. Vance, the former U.S. secretary of state.

"The developments in the Vance-Owen process are a positive step," Mr. Clinton said in a prepared statement, "but we have yet to determine whether the Serbs are serious about peace. We will make that judgment based upon their actions on the ground in Bosnia."

He added: "Other agreements in this protracted war have raised hopes but not changed behavior. We will judge intentions by actions."

Having signed the peace plan, Serbs must now adhere to all cease-fire agreements, halt the sieges of Bosnian cities including Sarajevo, and stop interfering with United Nations-sponsored relief efforts, Vice President Al Gore said in a broadcast interview Sunday.

He also noted that under the peace agreement signed by the Serbs near Athens on Sunday, Serbian forces will be required to withdraw from some territory in Bosnia that its forces currently occupy.

On Saturday, only hours before the Serbs signed, Mr. Clinton decided to seek a consensus among European allies for military action in Bosnia. There was no official confirmation that air strikes were a favored option, and the White House spoke only of "military steps."

But early Sunday, Mr. Clinton told Senator Bob Dole of Kansas in a phone conversation that the two steps the president had provisionally approved were to go ahead with air strikes and to lift the arms embargo so that Bosnian Muslims could attain weapons.

Mr. Dole, the Republican leader in the Senate, said he had received Mr. Clinton's approval to discuss their conversation publicly.

The senator quoted the president as saying that the United States "ought to proceed as though nothing happened." Mr. Dole said, "just in case this turns out to be a sham."

A retired air force general, Perry Smith, who said he had received a high-level briefing on U.S. plans, said on CNN that U.S. air strikes would target large artillery pieces, supply depots, command bunkers and similar targets inside Bosnia with precision-guided bombs.

The timing of a final U.S. decision to use force, however, appeared directly linked to the level of allied support and the speed with which the Vance-Owen plan is implemented in Bosnia.

In London, Secretary of State Warren M. Christopher called Mr. Karadzic's action "good news."

But he added in a statement that Serbs "must do more than simply give us a signature on a peace plan."

"Unfortunately," Mr. Christopher said, "we've heard their words and seen the signatures before. It will take deeds."

Mr. Christopher arrived in London on Sunday and is scheduled to meet with top officials from nine European nations, including Germany, France and Russia. Mr. Clinton said Sunday that he had instructed Mr. Christopher "to continue as planned with his consultations through Europe on the measures we will take if the Serbs do not act in good faith."

The president said he had spoken over the phone to British Prime Minister John Major.

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Peace Accord To Return to Legislature For Approval

By William Drozdiak

ATHENS — Ending eight months of tortuous negotiations, the international mediators Cyrus R. Vance and Lord Owen announced Sunday that the three warring Balkan factions had approved a complex pact designed to bring peace to Bosnia-Herzegovina.

Looking exhausted but triumphant at the end of a meeting that brought together the chief protagonists in the breakup of the former Yugoslavia, the mediators said they had secured a mutual agreement from the leaders of Bosnia, Croatia, Muslims and Serbs on a plan that made peace power among them by dividing the direct rule of the country into 10 autonomous provinces.

The breakthrough in the peace process came at a time when Radovan Karadzic, the Bosnian Serb leader, bowed to intense pressure from the student Serbian leaders in Belgrade and signed the Vance-Owen plan.

Only two weeks ago, Mr. Karadzic had said that he could never approve a map that he called tantamount to a death warrant for his people. But after meeting Sunday morning with the Serbian leaders, notably Serbia's president, Slobodan Milosevic, Mr. Karadzic agreed to endorse the map on the condition that it be approved at a meeting of the self-styled Bosnian Serb legislature on Wednesday.

The dramatic turnaround of officials in Belgrade was clearly the key reason for Mr. Karadzic's shift Sunday. Within the last week, with a Yugoslav's battered economy squeezed by tougher sanctions, and with U.S. air strikes becoming a more likely possibility, Mr. Milosevic engineered a startling change in Serbian opinion toward the peace plan.

Mr. Milosevic and Dobrica Cosic, the president of what remains of Yugoslavia — Serbia and Montenegro — have said that they would attend the legislative session Wednesday and urge the Bosnian Serbs to approve the pact.

Each rejected last week. Since Serbs control the supply lines and wield enormous influence over the Serbs in Bosnia, the presence of the two leaders is expected to be decisive in winning the parliament's approval.

In an interview with Belgrade's state-run television, Mr. Milosevic attacked the assembly's hard-line vice president, Biljana Plavsin, who is unlikely to drop her opposition to the plan.

Referring to her recent comment that the Bosnian Serbs' struggle was worth the lives of a million Serbs, Mr. Milosevic said she should seek "hospital treatment" and no longer have a role in public life.

Mr. Milosevic said the plan should be accepted by Bosnian Serbs because it offered them percent of Bosnia, United Nations-supervised elections and a role in the government.

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France Emotionally Shaken by Bérégovoy's Suicide

Compiled by Our Staff From Dispatches

PARIS — The suicide of former Prime Minister Pierre Bérégovoy shocked France on Sunday and prompted anger among Socialist friends who said recent political attacks had broken his will to live.

Mr. Bérégovoy, 67, a self-taught railroad employee who rose to finance minister and then prime minister, shot himself in the head on Saturday in Neuilly, his political base in central France. He died four hours later on a helicopter flying him to Val-de-Grâce Hospital in Paris.

"Pierre Bérégovoy's death has stirred deep emotion in our country," Prime Minister Edouard Balladur said. Mr. Balladur delayed for several days the announcement of an economic recovery program that had been due Wednesday.

A report expected to be sharply critical of the large public deficits left by Mr. Bérégovoy's government, due Monday, was put off to the end of the week.

Political friends said Mr. Bérégovoy, who had announced a drive against corruption when he came to power in April last year, had been deeply wounded by allegations of impropriety over an interest-free loan he took from a businessman friend to buy an apartment seven years ago.

They said harsh attacks on his government's economic record and the Socialist disarray after the overwhelming election defeat a month ago had added to his distress, although he retained his seat in the National Assembly.

Michel Rocard, the Socialist Party leader and

a former prime minister, said Mr. Bérégovoy had been the victim of glaring injustice. "It must be corrected," he said.

Paul Quilès, interior minister in Mr. Bérégovoy's government, said that Mr. Bérégovoy had been broken by a systematic campaign of disparagement.

A spokesman for President François Mitterrand, a longtime friend of Mr. Bérégovoy's, said Sunday that the president had opted for "mourning and silence" rather than making a statement.

Mr. Bérégovoy's suicide leaves Mr. Mitterrand even more politically isolated than before. The president has just started his second period of power-sharing with a hostile conservative

government, a role he had taken over from 1986 to 1991.

Foes had accused Mr. Bérégovoy of leaving the French economy in a state since World War II. His strict, high-interest-rate policies earned him the nickname "the man who pushed the number of jobless Frenchmen above 3 million."

"We had a recession and an unpleasant political climate, but I take my share of responsibility, along with many others," Mr. Bérégovoy said in his last interview, broadcast after his death.

He was torn by criticism of his million-franc (\$183,000, at current rates) interest-free loan in government.

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G-7 Achieves Affability, If Little Else, at IMF Session

By Lawrence Malkin

WASHINGTON — Just this winter, C. Fred Bergsten, who runs Washington's most influential think tank on international economic problems, read a funeral oration for the Group of Seven's coordination process, declaring it a victim of self-centered nationalism and bad manners.

This weekend, spring returned, and the world's seven major industrial nations met with newfound civility to announce what each was doing to improve its economy. This was greeted with applause by other financial powers gathered here for the semi-annual meeting of the 24 nations of the steering committee of the International Monetary Fund.

But the United States, Germany, Japan, France, Britain, Italy and Canada are still a long way from genuinely acting as a body — for example, from crafting domestic policies with an eye to reinforcing policies of their trading partners or calibrating financial markets.

The seven are doing what comes naturally in a world slump, although Treasury Secretary Lloyd Bentsen said they had laid the basis for further action. His senior aides explained that

he meant even lower interest rates in Germany and another round of deficit spending in Japan. They left no doubt they would be arguing for these things at the spring round of meetings leading up to the G-7 economic summit meeting in Tokyo in July.

"This is not a process where we pull rabbits out of hats at meetings," one U.S. official said. "The dialogue continues. You don't see the results. You see the results."

So far, the results contain no evidence that any of the seven would have done anything differently or more or less quickly if the process did not exist, leaving the formidable Mr. Bentsen sounding a bit like Chauncey Crowl with hope for an economic dawn.

Could the G-7 have done better? Mr. Bergsten argued that the actions the nations had taken separately could have been delayed until the meeting and packaged for a joint announcement.

"Doing this all together can add up to more than the sum of its parts for the financial markets," he said. "Maybe Bentsen has commitments he is not disclosing, but he obviously is hoping for more spontaneous action arising from the meeting."

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Kiosk

Tamil Link in Slaying Of Sri Lanka Leader

The Sri Lankan police said Sunday that they had found evidence linking Tamil separatists to the assassination of President Ranasinghe Premadasa the day before.

Speaking of the separatist Liberation Tigers of Tamil Eelam, Lionel Gunatillake, a police official, said at a news conference that members of the group were the "prime suspects" in the killing. The Liberation Tigers have denied involvement. (Page 2)

NHL Islanders Take Lead

PITTSBURGH (AP) — The New York Islanders, playing without their injured star, Pierre Turgeon, got goals from Ray Ferraro and Benoit Hogue to surprise the Penguins, 3-2, on Sunday in the first game of the NHL's Patrick Division finals.

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Business/Finance

Japan warned that it could retaliate against sanctions in a dispute with Washington. (Page 9)

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Seles Is Flown To U.S. After Knife Attack

By Ian Thomsen

HAMBURG — Monica Seles, the world's top-ranked women tennis player, was released from the hospital Sunday and flown to the United States, two days after she was stabbed during a tournament match by an East German man who wanted his fellow German, Steffi Graf, to replace her in the rankings.

The Women's Tennis Association said Sunday that Seles's attacker would not be granted — at least not immediately — a visa to enter the United States. Seles, who received a 1.5-centimeter (one-half-inch) wound between her shoulder blades, was awarded her current points, average of 332.2133 this week, rather than the 60.5 points she would have received for not being able to finish the quarterfinal match of the Citizen Cup, since she had to be rushed away by stretcher.

Graf is a distant No. 2 in the rankings, with a weekly average of 299.9852 points. No further adjustments will be made in the rankings. The WTA said. The 19-year-old Misses, making a comeback last week after missing two months with a viral infection, is not expected to be able to play again for at least a month.

She will probably miss the French Open, the year's first Grand Slam tournament, of which she is the three-time defending champion. It starts May 24; Graf could replace her as No. 1 following that tournament.

In Paris, Christian Bines, the new president of the French Tennis Federation, said that security will be reinforced for the players in the French Open.

In Rome, officials of the women's Italian Open said extra police will be at court-side for the clay court tournament that begins Monday.

Graf, who left the hospital in tears after visiting Seles on Saturday, lost to No. 3 Arantxa Sanchez Vicario, 6-3, 6-3, in Sunday's final of clay-court tournament. It was the 23-year-old German's first loss in 33 matches in Hamburg, where she had been trying to win the WTA tournament for a record seventh consecutive year.

Seles, in a statement before leaving Hamburg, said that "I want to thank all that



Steffi Graf on Sunday during her losing effort in the final of the Hamburg Open.

people here who have helped me over these last few difficult days. The greetings and the best wishes I received from so many people are a great support to me, and I want everyone to know how much it means to me and how much it has helped."

Players and tour officials predicted that the psychological damage of the attack would affect her more than the physical wound. The police announced that Gunter Parche, 38, a lather operator from the state of Thuringia in Eastern Germany, had been charged with attempted murder.

According to the police, he made "an insane impression" during two hours of questioning Friday night. The police said he had been planning his attack on Seles for some time before stalking her at this tournament.

Seles was stabbed during a changeover in her match against Magdalena Maleeva of Bulgaria, which Seles was winning, 6-4, 4-6. Her seat was separated from the stadium grandstand only by a thin wall about 1 meter high. A guard stationed in the audience near Seles said he had thought nothing of the balding man approaching along the bottle row. But the man turned and, from a hidden under his clothing, suddenly pull

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In South Africa, Specter of White Exodus

By Paul Taylor

JOHANNESBURG — For a man whose business has never been better, Tom Ansell cannot remember feeling worse.

His international moving company has been getting 100 phone inquiries a day — twice the normal number — since the assassination of the black leader Chris Hani on April 10 gave South Africa its worst bout of nerves in years.

"It's a sad state of affairs," said Mr. Ansell, 50, a fourth-generation South African who has never emigrated but said he was "desperately" afraid that his grown daughters would leave.

Some of the callers don't even want to come out to their homes to give an estimate, he added. "They want a quote over the phone and

a moving date as soon as possible. You can hear the panic in their voices."

White South Africans have a name for this behavior: They call it a "chicken run." They have seen it before, after the Sharpeville massacre in 1961, the Soweto uprising in 1976 and other turbulent milestones in the apartheid era.

It is too early to tell whether this latest run — touched off less by Mr. Hani's assassination than by the intimations of anarchy in the ensuing black demonstrations — is a passing fright or the start of a long-term flight.

But the specter of a white exodus already occupies a central place in the country's transition to black-majority rule. Politically, it operates as a blend of threat, bluff and bargaining chip. Psychologically, it is a hedge, a safety valve and a profound human dilemma.

The rule in much of the rest of Africa has

been that when blacks take power, white colonizers take their leave. South Africa, however, is different. Whites arrived in the 17th century as settlers, not colonists. They have been in the country nearly as long as whites have been in North America.

Although they got the politics famously wrong, they built the most sophisticated economy on the continent. They now are hoping to remain economically indispensable even after they become politically disposable.

"To whites, we say we want you to stay, we need your skills," Nelson Mandela, the African National Congress leader, said last week, amid reports of white flight.

Immigration has outpaced emigration in South Africa throughout the apartheid era, except during a few of the most turbulent years.

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NATO's New Look: U.S.-German Units The Closest Melding Ever Of GIs and Allied Troops

By Joseph Fitchett
International Herald Tribune

PARIS — The just-completed reorganization of NATO forces will help reassure Russia and other East European countries by integrating German ground forces into alliance army corps. Western officials said over the weekend.

Under the agreement, the United States will split its ground troops in Europe into a pair of U.S.-German army corps, including one under German command. The result will interlock Germany's armor and infantry forces more closely with allied units for planning and combat.

"In Germany, we don't have any national army corps any longer," said Commander Jürgen Kraatzmann, a Defense Ministry spokesman in Bonn. "It means that we are always with someone else in our military preparations."

While the European force's relationship with the North Atlantic Treaty Organization is still untested, the U.S.-German units mark "the closest degree of integration that we have ever attained with an ally," a U.S. official said.

Because of German political problems about sending troops outside the alliance's own territory, NATO announced that the reconfigured U.S.-German corps would be assigned "primarily" to the central front — in effect, Germany.

But closer U.S. ties could help German forces practice greater combat mobility and closer coordination between ground troops and air power.

By melding U.S. forces into the German lineup, alliance officials said, they may gain more political acceptability in the eyes of German opinion and the U.S. Congress — and thus stand a better chance of keeping the strength of two divisions that most experts consider a minimum.

Beyond the U.S. aspect, "the real significance of this move is that it seals the new overall NATO concept," according to Lieutenant Colonel Dick Bridges, a U.S. military spokesman.

For NATO, the attraction of multinational units is political: small European countries, such as Denmark and the Netherlands, no longer have enough troops for modern warfare unless they can join an allied unit reaching corps strength.

Across Germany, NATO's shrinking ground forces have been reconstituted into five army corps, all multinational. They include a German-Dutch corps, a German-British corps, the German-led corps with a U.S. division and the U.S.-led V Corps.

NATO also has a highly mobile rapid-reaction corps designed to snuff out any threat on Europe's periphery. British-led, it can contain up to four divisions drawn from a pool of units offered by 10 allied nations, including the two U.S. heavy divisions in Germany.

Germany's 300,000-strong armed forces — by far the largest among the European members of NATO — participate in all these multinational corps. The only remaining national force of corps strength is a less heavily armed German force deployed in the former East Germany, where NATO has agreed not to send non-German forces.

An army corps — usually two divisions and about 50,000 men — is considered the smallest ground force capable of operating effectively by itself in modern warfare.

Sealing a new NATO formula for Western military integration after the Cold War, alliance commanders this month separated two U.S. and German units from their old commands and reassigned them to two new binational corps.

The U.S. 1st Armored Division will be part of the German 2d Corps headquartered in Ulm. At the same time, the German 5th Panzer Division was put under the 5th Corps, the last American army corps headquarters in Germany, where it will work with the 3d Infantry Division.

This new arrangement means that in a crisis these troops will come "under the operational command" of their new corps headquarters, which itself reports to NATO's overall commander, officials said.

In practice, only a few staff officers will move. A handful of specialists — not just liaison officers but experienced colonels and majors — have been transferred to their new corps headquarters as part of the command structure in operations, logistics, intelligence and other key areas.

Some American troops have always been under German officers in NATO's hierarchy, but this is the first time a U.S. force of this magnitude has been committed permanently to foreign commanders.

German and American troops will continue operating among themselves as divisions since most officers and soldiers cannot be expected to take orders in a foreign language.

But the swap of foreign officers at the two corps headquarters reflects the heightened need for joint operational planning — and hopes that the process may lead to more joint training and even shared weaponry, NATO officials said.

This quiet development in NATO's military integration contrasts with the highly publicized creation of a 35,000-man Eurocorps, France and Germany in 1992.

Already, said a NATO official involved with the new U.S. arrangements with Germany, mission-capable while the Eurocorps force is still mainly political symbolism, with no defined military capabilities.

Costly Anti-Clot Drug Outdoes Cheaper Rival

Washington Post Service

WASHINGTON — Heart attack patients who get the dot-dissolving drug TPA in a rapid dose within six hours of their symptoms have a greater chance of survival than patients who get the much less costly drug streptokinase, a new study has shown.

The magnitude of TPA's advantage — about 10 lives saved per 100 patients — is not dramatic, but it is probably large enough to make many physicians consider using the more expensive drug, which is being falling out of favor in recent years.

For nearly a decade, streptokinase and TPA have been engaged in a war for the title to "drug of choice" in acute myocardial infarction.

A human protein whose full name is tissue plasminogen activator, TPA costs about \$2,400 per dose. Streptokinase, which is made from *Streptococcus* bacteria, costs about \$400.

This was the first of several recent large clinical studies to show a marked advantage for TPA. Although the new findings are unlikely to end the argument, some doctors already believe they will tip the balance toward TPA.

"A doctor does not make his decision based on price," said William Ganz, a cardiologist at the University of California in Los Angeles who was not connected with the study. "If we can say that TPA is better, then we have to give it."



ISAAC STERN, VIOLINIST

People at the top read the Trib.

Herald Tribune.

Q & A: Europe and the U.S. TV Market

As the new European commissioner for cultural and audiovisual policy, João de Deus Pinheiro inherits the task of bolstering European film and television production against a tide of American imports. Mr. Pinheiro, a former foreign minister for Portugal who took over the EC post in January, spoke with Richard Covington in Cannes.

Q. How would you go about redressing the imbalance and bringing more European programs to the United States?

A. It's difficult for the U.S. government to make commitments. I realize that, because the organization is based on networks, studios — it's nongovernmental. It has to do with persisting, not wanting an overnight change, trying to produce more and better programs in Europe so that they become interesting to American broadcasters. But we must realize that it's difficult for European products to penetrate the U.S. market.

Q. Why is that?

A. To some extent, it's similar to the difficulty U.S. companies have in penetrating the Japanese market because of the tradition, culture, the organization of commercial distribution. You've got to be able to adapt to the U.S. market and to have some inside help. We should not allow the idea to develop that American products are not welcome in Europe. On the contrary, we welcome them and we like them very much. There is room for the expansion of the trade from the U.S. to Europe because we are expanding here with more networks, more program hours to fill. If you bear that in mind, you realize you have many more reasons to cooperate rather than looking for interstitial problems that would blow up into a war.

Q. How do you see the quota system changing?

A. I don't. Unless a politician in Europe wants to commit political suicide, he would not put forward any proposal that would diminish quotas in the short term. I repeat, and I insist on this, that it's not because of trade reasons. On the contrary, I can see some pressures on us to harden our position.

Q. What difference would lifting quotas make to the television and film producers in Europe?

A. I don't think it would make that much difference. The overall environment would not change even if you change the rules now. It's a very sensitive issue at the moment, this issue of national heritage, national culture, diversity, it's highly sensitive. In the EC Commission, we have tried to soften this kind of argument because we think it's in our own interest, as well as the interest of the United States, not to allow this to become another contentious issue. In our market, roughly 70 percent of our fiction is of U.S. origin, whereas in the United States, only 2 percent is of European origin. The imbalance is absolutely huge. So you can understand the pressure of European producers for a more balanced situation.

Q. What kind of pressure could you bring on the United States to open the markets to European producers?

A. I think that pressure should be through dialogue, incentives to our own producers to try to get to know how the American market works. Sometimes they are so small they have difficulties in trying to go by themselves. That is where the European Community can be of some assistance.

Q. Would you be prepared to withdraw some subsidies to European production in return for the ability to introduce television and films into the American market?

A. Contrary to what people may think, the subsidies we give are very small. It's just a minor incentive to keep them going at the beginning. If the producer is worthwhile, he should get his own financing. The level of subsidy does not expand as the project grows; on the contrary, it will be reduced, or even withdrawn.

Q. Do you see a liberalization in media ownership in Europe?

A. Oh yes, there is a quite clear trend. This is a good move. Personally, I don't believe in public TV chains.

Q. You don't believe in public TV?

A. No, I do not. Can you describe what a public service is? I cannot. The reason public chains appeared was that the initial capital costs were very high and the venture was not sure. So the only way it could come out was through the state, but not anymore.

Q. Can you think of an example where the EC would help finance a private chain?

A. No, no, no, that's something that's absolutely out of the question. The producers we support are very small and the money is so low if I mention it you would laugh. The most that we have for an association of 16 to 18 producers is \$1 million Ecu. This is really ridiculous, especially when you think they are producing on the average 30 hours each of television time. This covers 7 percent or less.

Q. How does the EC plan to support High Definition TV?

A. We know now that digital HDTV is the future and are no longer pursuing analog transmission. Therefore we will start creating the incentives for the production of wide-screen HDTV, otherwise in the future you might have the television but not enough products to show. The idea is to accelerate these projects as much as possible.

Police Cite Tamil Link In Killing Of President

By Molly Moore

Washington Post Service

COLOMBO — Sri Lankan police officials on Sunday blamed the rebel Tamil Tigers for the May Day bombing death of President Ranasinghe Premadasa, asserting that investigators found a fragment of a trademark cyanide capsule embedded in the neck of the suicide bomber.

The guerrilla forces, which for a decade have been battling Sri Lankan government forces in trying to form a separate state, requires its members to wear a cyanide capsule around their necks, to be swallowed if they are captured by government forces.

Gruesome news photos of the bombing that killed Premadasa and 23 others during a May Day parade raise questions as to whether enough of the bomber's body remained to make such a finding. The police refused to say whether they had any other concrete evidence linking the group to the assassination.

The Liberation Tigers of Tamil Eelam, who have taken responsibility for a series of suicide bombings in Sri Lanka over the past several years, have denied any role in the death of the 68-year-old president.

"The LTTE is the prime suspect," Lionel Gunatilleke, director of the Colombo Detective Bureau said during a press conference. But he offered little elaboration.

Mr. Gunatilleke said police authorities also believed that the rebels were responsible for the shooting death of Mr. Premadasa's chief political rival, who was killed by a sniper during a political rally last week. The deaths of Mr. Premadasa and the opposition leader, Lalith Athalathmudali, have left this small island nation rudderless.

Other officials have blamed both deaths on political rivalry, implicating Mr. Premadasa in his opponent's death and charging Mr. Athalathmudali's followers with seeking revenge against the president.

While the minority Tamils, who are mainly Hindus battling for a separate state in the north and east, were willing at times to negotiate with Mr. Premadasa, the president is believed responsible for squeezing the Tamil Tigers into the northern end of the island. The Tamils, who constitute a majority of the population, claim they are discriminated against by the Buddhist Sinhalese.

The police said they believed that the bomber, who had strapped explosives to his body, was within five feet of Mr. Premadasa when the blast occurred.

Mr. Premadasa's majority party selected Prime Minister Dingiri Banda Wijetunge, 71, as its candidate for president in elections that Parliament must hold within the next 30 days. Mr. Wijetunge was sworn in earlier.



President Ranasinghe Premadasa saluting the crowd in Colombo just before he was assassinated.

400 Deportees End Protest

Palestinians Return to Tent Camp After 6-Day Face-Off

Reuters

MARJ AS ZOHOUR, Lebanon — Nearly 400 cold, rain-soaked Palestinian deportees ended a six-day sit-in Sunday on a strip of road facing Israeli tanks in southern Lebanon.

The Palestinians called off their protest against Middle East peace talks, which resumed in Washington on Tuesday. They said they were considering new steps to draw attention to their plight.

"The deportees spent six nights at the sit-in facing Israeli forces in stormy weather," said a deportee leader, Abdulaziz Rantisi, as the last group of men trudged back to their tent camp, two kilometers north of the protest site.

Israeli troops fanned across the hills overlooking the sit-in site and watched the retreat through binoculars.

■ Optimism at Talks

Steven A. Holmes of The New York Times reported from Washington:

A series of Israeli concessions has stirred optimism among Palestinian delegates after the first round of resuscitated peace talks.

Among the concessions, which the Israelis call confidence-building measures, were decisions to allow a leading Palestinian from East Jerusalem to join the Palestinian delegation and to allow re-entry to a group of Palestinians who had been banned from the occupied territories.

Together they cleared the way for the parties to put aside important but somewhat peripheral issues and move on to the crucial question of the status of the occupied West Bank and Gaza Strip.

"I'm not saying we are there yet," said Hanan Ashrawi, the spokeswoman for the Palestinian delegation. "I'm saying, finally the peace process is showing indications that it can move ahead, it can produce, it can be a vehicle for change."

The Israelis are negotiating simultaneously with the Palestinians, Syria, Jordan and Lebanon. In a sense, their concessions this week have allowed the Palestinian talks.

But while the Israelis and Palestinians may have cleared away much of the chaff that has prevented progress, they are just now getting to the essence of the most difficult issues. So far in the quiet pro quo that is a part of negotiations, the concessions have come from Israel. This week, Israeli and American officials say, it is time for a significant gesture from the Palestinians.

The plotters allegedly included Kuwait residents of Iraqi origin as well as Iraqis who arrived from across the border, underlining the ease with which cars can move between the two countries across the desert.

The Kuwaitis said they seized two cars loaded with explosives and rigged to be blown up with remote-control devices.

Observers said that the ditch-building project seemed to have full support from most Kuwaitis, even from those who once favored closer ties with all Arab nations, and from leftist groups.

Repeated attempts to persuade Kuwait and other Gulf Arab countries, including Saudi Arabia, to renew friendship with Iraq and its Gulf War supporters such as the Palestinian Liberation Organization have failed. Arab leaders such as King Hassan II of Morocco and Secretary-General Esmat Abdel Meguid of the Arab League have failed to persuade Kuwait to deal with Iraq as long as Saddam Hussein remains president.

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WORLD BRIEFS

Extremists Attack Twice in Germany

DRESDEN (AFP) — Extremists attacked an Ethiopian refugee in Dresden and three police officers in the town of Ocherleben in separate incidents, the police said Sunday.

In Dresden, 18 neo-Nazis assaulted a 25-year-old Ethiopian on Friday evening. The Ethiopian, who suffered head injuries, was rescued by the police, who were alerted by a passer-by. The 18 youths were arrested, the police said.

In Ocherleben, about 30 extremists attacked three police officers who were called to quell a disturbance in the town center, the police said. The officers were assaulted with fists and baseball bats before colleagues, alerted by radio, reached the scene. Five of the attackers were arrested, the police said.

Gains Cited in Treating Colon Cancer

CHICAGO (Reuters) — Researchers said Sunday that they were nearing major breakthroughs in the treatment of colon cancer, with common aspirin as one potential weapon.

"The research is about to move from esoteric gene jockeying to very practical treatments," they said in a report issued at the annual convention of the American Society of Colon and Rectal Surgeons. "It now appears possible to modify the growth of colorectal cancer cells — a process that once seemed irreversible." The report was written by C. Richard Boland of the University of Michigan Medical Center.

Aspirin may be one key to stopping the growth of such cells, said Dr. Boland. But, he added, "aspirin can be toxic, and we still need to find out how much is the right amount. We will soon know how to stop the growth of cancerous polyps in the colon and how to manage patients after cancerous growths have been removed."

Angola Rebels Keep Control in North

SAO TOME (Reuters) — The Angolan rebel movement UNITA said Sunday that there had been heavy fighting in N'Dalatando, but added that it still controlled the northern city.

UNITA radio, monitored in the nearby island state of Sao Tome and Principe, said government troops had tried to recapture the city, the capital of Kwanza Norte Province, and continued to shell it with artillery. The radio reported that 30 people were killed and hundreds wounded, and that many of the casualties occurred among civilians.

Thailand Warns Against Incursions

BANGKOK (Reuters) — Thai troops are prepared to strike back if fighting between rival factions in Cambodia again spills over into Thailand, a senior army officer told The Nation on Sunday newspaper.

The commander of Thailand's task force for development of border areas, Issan Vajrasathien, said soldiers in the area were on the alert and ready to fight to prevent damage to Thai property and threats to villagers along the border. Mortar shells from Khmer Rouge guerrillas landed on the Thai side of the border at the town of Aranyaprathet on Friday, sending villagers fleeing for safety.

Witnesses said about 18 shells exploded in fields near the markets and former railroad stops in Aranyaprathet and Poipet, the Phnom Penh government-held town across the border. No one was hurt. An investigation by Thai soldiers and United Nations peacekeepers in Cambodia concluded that the shells were fired by the Khmer Rouge against approaching Phnom Penh forces, the paper said.

Yemen Opposition Accepts Vote

SANA'A, Yemen (AFP) — The Yemen Socialist Party announced Sunday that it accepted the results of the country's first multiparty legislative election despite charges of voting irregularities from some party members.

A spokesman for the party, which has shared power with the General People's Congress of President Ali Abdullah Saleh since North and South Yemen were united in May 1990, described the Tuesday elections as a "victory for democracy and the people."

Some Socialist Party members had charged that there were voting irregularities. According to the country's Election Commission, the Socialist Party, which governed South Yemen before unification, won 56 of the legislature's 301 seats. General Saleh's party captured 121 seats and the Islamic party, Al Islah, won 62. It was the first multiparty legislative election in Yemen.

TRAVEL UPDATE

British Airways cabin crews went on strike Sunday at Gatwick Airport south of London to protest the airline's plan to transfer some routes to a subsidiary company. A British Airways spokesman said about 4,000 passengers on flights to France, Denmark, Portugal, Germany, Switzerland and Italy were affected. About half were bused to Stansted Airport north of the city to take other British Airways flights; the rest traveled on other airlines from Gatwick. (Reuters)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Britain, Japan, Poland, Serbia, Thailand.

TUESDAY: Japan, Namibia.

WEDNESDAY: Burma, Japan, South Korea, Mexico, Sri Lanka, Thailand.

THURSDAY: Indonesia, Malaysia, Philippines, Singapore, Sri Lanka, Syria.

FRIDAY: Denmark.

SATURDAY: Czech Republic, France, Monaco.

Sources: J.P. Morgan, Reuters.

AMERICAN TOPICS

How Frequent Fliers Invited Tax Inquiry

Frequent flier mileage awards are subject to income tax. This is the official position of the U.S. Internal Revenue Service. However, Carla Lazareschi reports in the "Money Talk" column of the Los Angeles Times, "the IRS's unofficial, not-for-attribution position is that this is a sensitive, complicated area of the tax law that is not currently being enforced with all the muscle the IRS could bring to the matter if it chose."

Ms. Lazareschi says the agency "quietly admits that it's all too complicated to unravel, given the existence of more pressing tax issues." However, the agency is going after several people in Florida, not because they accumulated frequent flier miles like thousands of others, but because they were "selling their mileage back to their employer for cash, which they then failed to report as income on their tax forms."

Why should employers buy back frequent flier mileage based on tickets they paid for in the first place? Because, Ms. Lazareschi notes, "for the most part, businesses do not require their employees to give back the mileage awards they get on business travel." Citing Sandy Peterson, publisher of Inside Flyer magazine and an authority on frequent flier programs, she says that "the prevailing sentiment among businesses is that these awards are 'intangible perks' that employees who spend a lot of time on

the road are entitled to keep in exchange for the inconvenience that heavy travel schedules impose on their personal lives."

Short Takes

After an increase in terrorism in 1991, the number of international terrorist incidents in 1992 dropped sharply, to their lowest level in 17 years. The State Department's annual report, "Patterns of Global Terrorism," listed 361 terrorist incidents last year, down 36 percent from 567 in 1991. The report named Iran as "the most dangerous sponsor of terrorism in 1992." It said Iran was responsible for more than 20 attacks, including the year's most lethal, the March 17 truck bombing of the Israeli Embassy in Buenos Aires, which killed 29 people. The report covers 1992 and does not include this year's incidents, such as the bombing of the World Trade Center in New York on Feb. 26, which killed six people.

The profile of a typical Peace Corps worker has changed because of the demand for entrepreneurial experience in Eastern Europe and because more volunteers are deciding to stay in. In 1963 the average age of Peace Corps volunteers was 22. Now the average volunteer is 30. "In the '60s we were looking for more generalist volunteers," a spokeswoman told The Washington Post. "These were the people right out of liberal arts colleges." Today, she said, the situation is different. "The volunteer we sent over to Russia in 1990 had an average age of 41. They requested volunteers with at least five years' business experience or a master's degree in business administration."

Arthur Higbee

Herald Tribune.

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STATESIDE / AFTER WACO

★ POLITICAL NOTES ★

Health Care Debate Looks at Price Controls

WASHINGTON — Hillary Rodham Clinton said the administration's policy of voluntary, short-term price controls for the health industry — but backed up by mandatory federal controls that would go into effect if doctors, hospitals, drug makers and insurers failed to limit price increases to a negotiated level.

The administration is "working with the provider groups and they believe voluntary price controls are preferable and could in fact work," said Senator Bob Kerrey, Democrat of Nebraska, after a health care summit. "Providers who had not been eager to come to the table have become clear-eyed, understanding that if they don't, something worse could happen."

Administration officials said no final decisions on the politically explosive question of short-term controls had been made, but many senators who attended the bipartisan meeting said Mrs. Clinton was "fairly definite," as Senator Paul Simon, Democrat of Illinois, put it, about the decision to negotiate voluntary measures with providers. Under the voluntary-control scenario, the government, in consultation with industry, would determine a maximum rate at which health-related prices could increase in a given year. Providers would be given a fixed amount of time — perhaps one or two years — in which to limit price growth. Legislation would be enacted that would put mandatory controls in effect if voluntary measures failed within the specified time period. (WFP)

From White House, a Signal on Civil Rights

WASHINGTON — In a major civil rights initiative, the Clinton administration argued to the Supreme Court that a civil rights law enacted in 1991 should apply to discrimination suits that were pending when the law was passed.

The new position, set forth in a brief filed with the Supreme Court in two pending cases, represents an abrupt reversal of the view pressed on the justices by President George Bush. Justice Department officials say it is emblematic of how different the new administration's approach to civil rights will be.

If the high court accepts the administration position, thousands of women and minority members will find it easier to win damages for claims they have brought based on discrimination that they experienced before 1991. (NYT)

Quota/Unquote

"I will say to the gentility, for whom I have the greatest respect, I would hope that she or any other member not try to cut off another member when a serious matter like this is trying to be resolved here in the proper House." — What Representative Gerald Solomon, Republican of New York, said to another representative, as edited by Mr. Solomon for the Congressional Record.

"You had better not do that, ma'am. You will regret that as long as you live." — What Mr. Solomon actually said. (AP)

Reno After Her Trial by Fire
Attorney General Strengthened by Cult Fiasco

By David Johnston

New York Times Service

WASHINGTON — President Bill Clinton stopped by the Justice Department to praise her. A friend from her undergraduate days at Cornell sent yellow flowers with a card, saying, "Hang in there, Janet." And at a speech, an employee held up a sign echoing the attorney general's sister in Florida, who had called on the night of the Waco fire to say, "Thank you, Janet."

Two weeks after presiding over the FBI's ill-fated tear-gas assault on the Branch Davidians near Waco, Texas, Ms. Reno seems to have emerged not only unscathed, but also with her recognition and popularity enhanced.

The failed operation seemed to shore up what had been a weak position in the administration. A Washington outsider without national recognition or longstanding ties to the president, she was Mr. Clinton's third choice for the job. Her independence from the White House was uncertain as she faced a tough decision about the future of the FBI, which was in turmoil over the ethical problems of its director, William S. Sessions.

The assault, which was intended to save lives but ended with the deaths of scores of cult members, suddenly gave Ms. Reno a national stage, which she seized. Her plain-vanilla style and understated demeanor seemed to connect with ordinary Americans, and she was cast in a sympathetic light as someone who tried to deal peacefully with a zealot, David Koresh.

Suddenly, Ms. Reno has vaulted to a position of prominence. In an administration still trying to find its level, defending its competence and battling Congress, she has become a prized asset, a popular figure whose candid, caring tone has neutralized critics.

Peter Hart, an opinion researcher, noted that nearly 80 percent of those asked in one of his surveys had said she should not resign and supported her decision, 3 to 1.

"Boris Yeltsin should wish for those numbers," said Mr. Hart, who has concluded that Ms. Reno and Interior Secretary Bruce Babbitt are the surprise stars of the Clinton cabinet.

"I take it all with a grain of salt," Ms. Reno said recently. "I didn't do anything special. Everybody else could have gone through exactly the same process I did about Waco, and I don't think it's a special thing to try to be accountable to people and answer their questions."

Still, it is clear that Ms. Reno has established herself as a highly popular figure inside and outside Washington. She is regarded by many employees as an accessible chief despite being a woman in a male-dominated agency. Some law enforcement officials were initially skeptical of a prosecutor who often sounded like a social worker. Her standing soared when she refused to criticize the bureau after the assault in Waco. Some agents gave her the ultimate compliment, calling her "a stand-up guy."

"What people saw was someone who had really cared and tried to do her best and had failed," said Anne F. Lewis, a longtime friend and a former political director of the Democratic Party. "People don't demand perfection, they demand values and effort, not someone who hides behind the trappings of office, press releases and public relations."

Death Toll Revised to 72

Autopsies continued to reveal gunshot wounds in more bodies of cult members taken from the ashes of the Branch Davidian compound, as the authorities revised the death toll downward, from 86 to as low as 72. The New York Times reported from Waco.

The medical examiner's office in Fort Worth, where the bodies have been taken for autopsies, reported that gunshot wounds had been found in 7 of the 28 bodies examined so far.

Officials still do not know how many people died in the fire on April 19, and they said they may never know. But they now doubt that there were 95 people in the compound when the fire started.

The 95 figure, officials say, came from Mr. Koresh, the cult leader. Since nine members survived the fire, the authorities had been working on the assumption that they would find 86 bodies. They have said no one inside could have escaped without being detected.

Panel to Investigate Raid

The Los Angeles police chief, Willie L. Williams, will be named Monday to a three-member panel to aid in the Clinton administration's investigation of the February raid on the sect's compound, the Los Angeles Times reported, citing administration officials.

The other two members of the panel are Henry Ruth, a former Watergate special prosecutor, and Edwin O. Guthman, a journalism professor at the University of Southern California. The raid, which led to the 51-day standoff at the compound, was conducted by the Bureau of Alcohol, Tobacco and Firearms.

Aspin Fires
General in
Cargo Plane
Shake-UpBy John Lancaster
and John Mintz

Washington Post Service

WASHINGTON — Defense Secretary Les Aspin has dismissed a top U.S. Air Force general for mismanaging development of the C-17 cargo plane, moving to assert control over one of the costliest and most troublesome items in the Pentagon's purchasing budget.

The C-17, built by McDonnell Douglas Corp. in Long Beach, California, is designed to carry tanks and other heavy equipment to undeveloped airfields and was supported by President Bill Clinton during his campaign last year. Several Pentagon officials described the disciplinary actions as a "sacrifice" aimed at appeasing congressional critics.

Mr. Aspin directed that Major General Michael J. Butchko Jr., 53, be relieved as commander of the Air Force Development Test Center "based on his performance when he was the C-17 system program director." Mr. Aspin also disciplined two other generals and a civilian official for their roles in the development of the transport jet, which has been plagued by cost overruns and structural problems such as cracking wings.

The public rebuke of senior military officers by a civilian defense secretary is rare but hardly unprecedented. Mr. Aspin is seeking to establish his authority after a rocky beginning characterized by missteps and confusion about the administration's plan to lift the ban on homosexuals in uniform. He also has been saddled with a reputation, rooted in his former role as chairman of the House Armed Services Committee, as an amiable policy intellectual who never dismisses anyone and has untended management skills.

The administration has cited the C-17 as essential to its plans for highly mobile forces able to respond quickly to distant crises.

But congressional critics looking for post-Cold War defense savings have made a favorite target of the C-17 program, which is already more than \$1.3 billion over budget and two years behind schedule. The air force hopes to build 120 of the planes at an eventual cost of \$40 billion.

The Trib Competition: Some of the answers

The Louis Harris organization finishes its special poll on Tuesday to measure public approval of President Bill Clinton after his first 100 days in the White House.

The Harris Poll figures, available in a few days, will be used to determine the winners of the Trib Competition. The reader who came closest to matching the Harris findings stands to win a round-trip, Paris-New York, on the Concorde.

In the event there is more than one correct forecast among the more than 5,000 responses, the overall winner will be decided on the basis of answers to three tie-breaking questions: predicting the Dow Jones industrial average at closing on April 30; Mr. Clinton's 100th day; the Trib index the same day; and the value of U.S. dollar in Deutsche mark or yen at the 4 P.M. close in New York on April 30.

Awaiting the Harris Poll results, here are the results of the tie-breakers.

Trib index close April 30	100.55
Dow Jones close April 30	3,427.55
Dollar/Mark close (N.Y.) April 30	1.568
Dollar/Yen close (N.Y.) April 30	117.15

Clinton Outlines a Plan
To Alter College Loans

By Thomas L. Friedman

New York Times Service

NEW ORLEANS — President Bill Clinton has outlined a plan to overhaul the way Americans pay for college, offering students up to \$10,000 for college or vocational training in return for two years of community service. He also would change the student loan program to allow students to borrow money directly from the government.

Mr. Clinton unveiled the aid program to an audience of students Friday at the University of New Orleans. He said that, if adopted, it would "revive America's commitment to community and make affordable the cost of a college education for every American."

He said his National Service Trust Act would be to the 1990s what the GI Bill was for the 1950s and the Peace Corps for the 1960s.

If Congress passes the bill this year, Mr. Clinton said, the program can start in 1994. The National Service budget calls for \$400 million in 1994, which would cover about 25,000 community service jobs, rising to \$2.4 billion a year for 150,000 participants in 1997.

They would do minimum-wage jobs in education, the environment, public safety and human services. On top of their wages, about \$8,500

a year, they would get \$5,000 a year to repay college loans or otherwise pay for education and training.

The other major component of the aid program, to be introduced as a separate bill, is direct student loans from the federal government. Such loans are now guaranteed by the government but made by banks. Mr. Clinton said direct aid would eliminate bank profits, making loans available at lower rates.

In 1992, banks made \$13.6 billion in federally insured student loans. The government would raise the money it lends from the bond market, not from taxes.

The legislation will include a proposal to allow graduates to repay tuition loans at a monthly rate linked to their income, thereby reducing defaults and encouraging graduates to take low-paying community service jobs.

Administration officials said they were cautiously optimistic that the plan would have bipartisan support in Congress, but early reaction was mixed.

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Auto Workers' Survival Tactic

As Big 3 Talks Near, Union Focuses on Avoiding Layoffs

By Louis Uchitelle

New York Times Service

NEW YORK — Unable to stop layoffs and plant closings, the United Auto Workers are preparing for contract negotiations with the Big Three automakers with a major shift in policy.

More than ever before, this flagship of the American union movement is focusing its attention on keeping its current, aging members on full salary and benefits until they retire — rather than preserving the jobs for successive generations.

The strategy, clearly visible at a UAW conference last week, is critical for survival, the union leadership says. But some union officials and members say the new approach, and a willingness to bend traditional union goals in other areas, could end up destroying the union rather than saving it.

The debate between union leaders who consider themselves flexible and willing to adapt to the automakers' needs and those who prefer a more traditional militancy makes the UAW a testing ground for organized labor. That is happening just as the Clinton administration says it is willing to help unions regain some of their old powers.

"The unions, and the UAW in particular, are searching for a combination of laws and union power that will say to business, 'You, business, will have to pay good money to your workers, so you will have to figure out a way to make them productive enough to be worth the money you are compelled to pay them,'" said Paul Weiler, a labor law expert at Harvard University.

From its birth in 1935 until the 1980s, the UAW gained for its members a middle-class prosperity. But in recent years that prosperity has eroded, and the union has lost more than one-third of its members.

Unfavorable decisions by the National Labor Relations Board have diluted some union bargaining power. And no contract has ever prohibited General Motors, Ford or Chrysler from closing

plants or shrinking the work force, although the current contract does provide full pay for laid-off workers.

The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America — the UAW's formal name — now represents 900,000 people, down from 1.5 million in 1979. Half are auto workers, with the rest in aircraft and weapons making, earth moving and agricultural equipment, university and government employment, banking and journalism.

"Almost everywhere union members are struggling to regain power and a greater say in the practices of the companies that employ them — but often through tactics that UAW dissidents call too mild to get results."

"Since we entered into the first so-called partnership in 1982, forming union-management efficiency committees, we have lost over 50 percent of the jobs that we were supposed to be saving," said Jerry Tucker, who in 1987 founded New Directions, a UAW dissident organization that has fewer than 5,000 members.

"The company will come and say, 'We can get the instrument panel built cheaper somewhere else,' and the union will say, 'That will cost 100 jobs,'" Mr. Tucker said. "The company will say, 'Wait, aren't we in this together? If we don't automate to save the central operation, there won't be any jobs left at all.'"

Nowhere is the struggle between militancy and flexibility more evident than in the priorities the UAW has announced for its negotiations with the Big Three, which begin next month.

Topping the list — more important than wage increases — is the union's demand that the companies replenish multibillion-dollar funds that since 1990 have kept laid-off workers on full pay, with benefits.

The union's goal is to make it uneconomical for the auto companies to lay off workers; General Motors, which has announced

plans to reduce its work force by tens of thousands of employees, is the particular target. The UAW's hope is that if the laid-off workers continue to receive pay and benefits, GM will find work for them, preferably making parts now purchased from outsiders.

"If you have a plant that is half-idle and there are people on layoff at full pay, then it is smart to fill up that plant with work," said Stephen P. Yokich, a UAW vice president.

MUSIC TO ORBIT BY — The astronaut Ellen Ochoa playing her flute aboard the space shuttle Columbia. The astronauts began a nine-day research mission on April 26.

Away From Politics

• Fossil microorganisms discovered in Australia prove that life was already thriving and diversified 3.485 billion years ago, which leaves a much narrower window than previously thought for life to have evolved naturally on Earth. The microorganisms are more than 1.3 billion years older than any comparable fossil group ever found. The finding could focus more attention on the hypothesis that life originated elsewhere in the universe before reaching Earth.

• Electric power lines above a San Diego home did not cause the cancer suffered by a 5-year-old girl, a jury ruled in a case believed to be the first involving charges that electromagnetic fields caused a disease. The verdict absolved San Diego Gas & Electric Co. of responsibility for Mallory Zuidema's illness.

• Utah's latest restrictions on abortion have been blocked by U.S. District Judge Dee Benson, who issued a temporary restraining order and said he would hold a hearing before the period expired. Attorneys for the Center for Reproductive Law & Policy had argued that Utah's new 24-hour waiting period and informed-consent provisions for women seeking abortions would keep many from obtaining safe, legal abortions.

• Cancer-causing emissions from cars are decreasing because of smog regulations but are likely to pick up again in the next century as the number of cars increases, the Environmental Protection Agency said. An agency study found that cars account for half the cancer deaths caused by toxic air pollution.

• A federal appeals court in New York threw out the order forbidding all lawyers in the World Trade Center bombing case from discussing it outside of the courtroom, ruling that the order imposed speech rights unnecessarily. The court held that the order imposed last month by Judge Kevin Thomas Duffy was overly broad and insufficiently justified.

• A decorated soldier who disclosed his homosexuality during last weekend's gay-rights march on Washington was told by his superiors upon his return to San Francisco that he would be discharged from the army because his presence violates the military's ban on homosexuals. Sergeant Jose M. Zuniga won a medal for his service as a combat medic in the Gulf War. (AP, NYT, LAT)

2 Front-Runners to Vie
For Texas Senate Seat

Los Angeles Times Service

HOUSTON — In what boiled down to a preliminary bout to narrow a crowded field, the two front-runners in a special U.S. Senate election in Texas made a strong showing and advanced to a runoff.

Robert Krueger, a Democrat appointed in January by Governor Ann Richards to fill the Senate seat left vacant when Lloyd Bentsen was named Treasury secretary, and Kay Bailey Hutchison, a Republican who is state treasurer, finished atop the field of 34 candidates. Mr. Krueger had 30 percent of the vote. Mrs. Hutchison 29 percent. The runoff is expected about a month from now.

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In Russia, Post-Riot Skirmish

Politicians Turn To Verbal Blows

By Steven Erlanger

MOSCOW — In the aftermath of serious fighting on Saturday, May Day, between riot policemen and pro-Communist demonstrators, Russia's politicians maneuvered on Sunday to try to turn the violence to advantage.

The speaker of the conservative parliament, Russian I. Khasbulatov, ordered an investigation into the "use of force against the participants in a peaceful demonstration," while supporters of President Boris N. Yeltsin urged him to deal harshly with the "provocateurs" who went after police with staves, spears and steel bars.

Interior Ministry officials said 205 policemen were injured, and about 70 demonstrators were also hurt in the worst violence in Moscow since the failed coup attempt in August 1991. About 12 demonstrators and 27 policemen were hospitalized with concussions and lacerations — including one policeman badly hurt when a truck unexpectedly reversed, crushing him against another vehicle — but there were no fatalities.

Moscow city officials had banned Communists and nationalists from holding a May Day march in Red Square, then blocked their alternative plan to march to the Vozdvizhenka Hills, formerly the Lenin Hills, near Moscow University. The police had set up lines in Gagarin Square, and the 2,000 or so marchers waded in.

The march was organized by the National Salvation Front, which combines Communists and nationalists. Mr. Yeltsin tried to ban the Front last year but his decree was overturned by the Constitutional Court.

Yeltsin's supporters and well-known democrats like the Reverend Gleb Yakunin, a priest and legislator, urged the president on Sunday to respond to provocations by those opposed to his vision of Russia. They said that Communists, nationalists and conservatives in the parliament were trying to undermine Mr. Yeltsin after failing to wound him in the April 25 referendum on his performance. They suggested that the opposition would try to repeat Saturday's violence on May 9 in the traditional march and rally to commemorate the defeat of Nazi Germany.

"We must hope the president is ready to take decisive steps," Father Yakunin said. "One of these must be a decree banning the National Salvation Front."

Deputies also urged that parliamentary immunity be lifted from the hard-line organizers of the march. The Parliamentary Coalition for Reforms, a group of moderate liberal Yeltsin supporters, accused the parliamentary leadership of "taking the side of extremist forces," a charge echoed by a Yeltsin spokesman, Vyacheslav Volokhov. He said there was a "triangle of forces" behind the affair, including parliamentary leaders, the Communist Party and the leaders of the August coup, who "planned the May Day clashes to provoke the president to resort to repressive actions," Mr. Yeltsin himself spent the weekend at his dacha outside Moscow.

Another liberal group, the Russian Democratic Reform Movement, said the "provocation" was designed to justify the convening of an emergency session of the Congress of People's Deputies "to try to lay the blame for the unrest on the president, convince the country of the government's inability to ensure order and to form their own government."

Mr. Khasbulatov, for his part, appointed a commission to investigate "the reasons for and circumstances of the use of force against participants in a peaceful demonstration," his deputy, Valentin Agafonov, said Sunday. The commission is to report to Mr. Khasbulatov by Wednesday.

Israel Approves Reorganization of Banking System

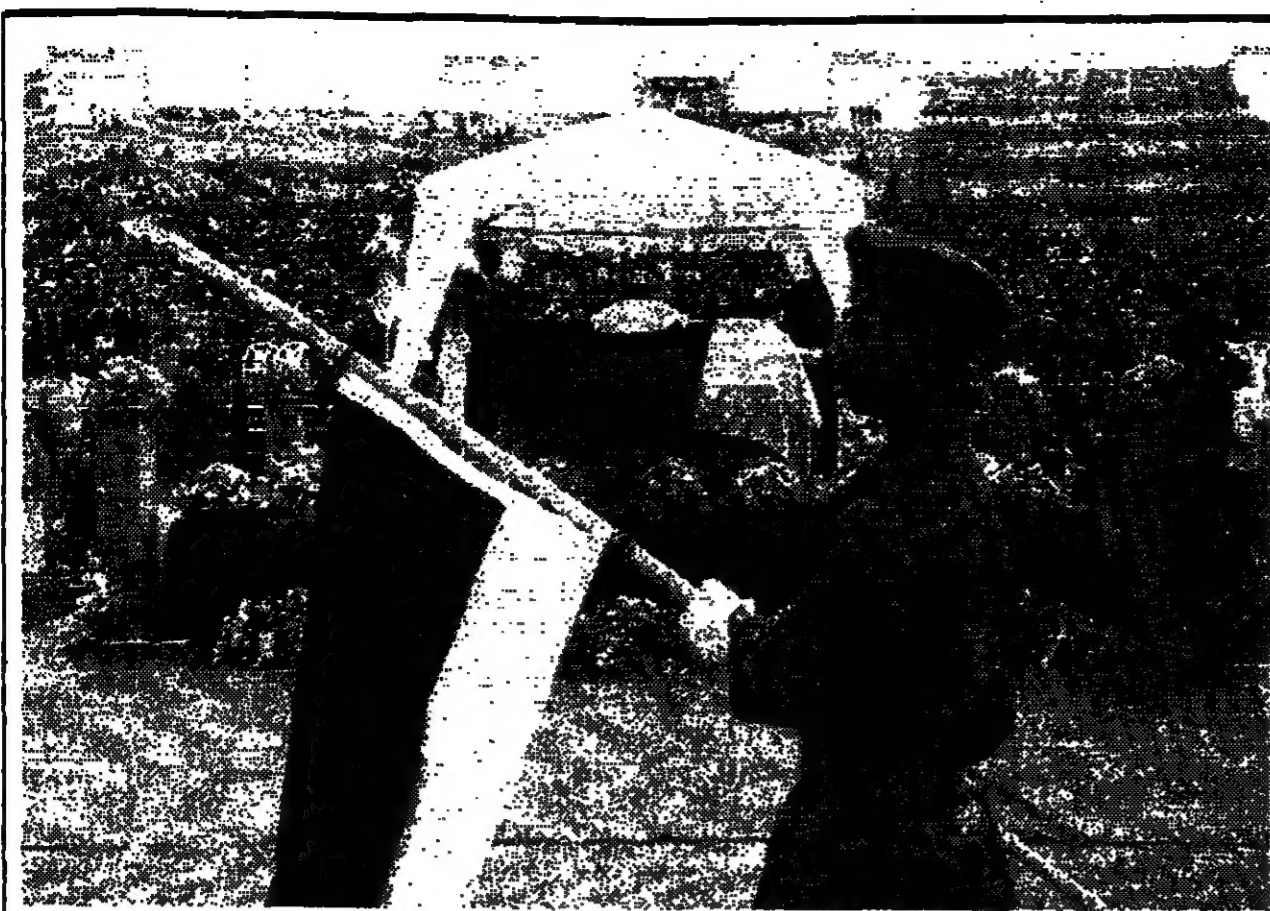
New York Times Service

JERUSALEM — The Israeli government approved a reorganization program for the country's highly centralized banking system Sunday in the hope of increasing competition and loosening the grip of a handful of banks on the capital markets and on many companies.

The plan was a compromise balancing various interests. As such, it came under attack both from Israeli bankers, who said that it unduly limits their activities, and from advocates of drastic change, who said that it does not go far enough.

But while acknowledging that the plan does not qualify as "a revolution," government officials defended it as pushing the economy further along the road toward greater openness and competition.

Under the new rules, expected to get parliamentary approval, the big banks have two years to sell part of their holdings, especially smaller banks they own. They may not hold more than a 25 percent share of nonfinancial companies, and their total investment in such companies may not exceed 25 percent of their capital. Other restrictions are intended to break up relationships between banks and some funds.



TRIBUTES TO ANC LEADER — Mourners honoring Oliver R. Tambo at a funeral Sunday in Soweto. Mr. Tambo, who helped lead the African National Congress for three decades, died of a stroke at 75 on April 24. Nelson Mandela, the ANC president, led the tributes with a reference to negotiations for a constitution that would bring "a new dawn" and end 300 years of white supremacy.

POLICY: A Skeptical Clinton Warns Serbs Air Strikes Are Still Possible

(Continued from page 1)

weekend with the leaders of Russia, Britain, Germany, France, Canada and Italy and would "continue such consultations."

"We all hope for a true and just peace in Bosnia," he said. "It must include not only the provisions of peace but also the practices of peace on the ground."

Mr. Gore expressed a similar theme, saying: "We've seen a pattern for quite some time on behalf of the Serbians to try to convince the world community that they are really negotiating, and then all the while the ethnic cleansing goes on and the violence continues. The violence has to stop."

According to a published report

in Britain, Prime Minister John Major still opposes lifting the arms embargo. France is said to have similar reservations.

Lord Owen said Sunday that "it would be crazy" for Washington to press ahead immediately with air strikes, but that it appeared that Mr. Clinton was willing to see whether and how quickly the violence subsides in Bosnia.

The Vance-Owen plan must first be ratified by the Bosnian Serb parliament, a body that only last month rejected it overwhelmingly. Representatives of Bosnian Croats and Muslims had previously signed the agreement, which proposes to create 10 semi-autonomous, ethnically homogeneous provinces in Bosnia.

Lord Owen expressed confidence Sunday that a corner had been turned in the Bosnia negotiations. In the U.S. interview, he said the tightening of economic sanctions against the Belgrade government had finally persuaded President Slobodan Milosevic to force the Bosnian Serbs to end their military assaults.

Diplomats at the UN said the sanctions would remain in place until fighting ended in Bosnia, Reuters reported from New York.

Skepticism in Sarajevo

With fighting reported on several fronts Sunday, the Bosnian Serbs' acceptance of an international peace plan was greeted with nothing warmer than skepticism in the

Bosnian capital, Sarajevo. The Associated Press reported.

Virtually no one thought it would bring peace, and several suggested that it was a ploy to avert Western military intervention.

"This changes nothing," said Nedeljko Petic, a former Yugoslav officer who runs a training garrison in Sarajevo. "This doesn't mean peace, and we have to continue to train them. We have had enough bad experiences."

In Sarajevo, where sporadic shelling and sniper fire continued Sunday, residents who have survived a yearlong Serbian siege said they would believe peace was at hand only when the guns were removed.

PACT: Bowing to Belgrade's Pressure, Bosnian Serb Accepts Peace Deal

(Continued from page 1)

corridors linking the disconnected provinces and UN protection for the 500,000 Serbs living in areas dominated by Croats and Muslims.

Lord Owen acknowledged that the threat of new military action by the United States had "helped concentrate people's minds" on persuading the Bosnian Serbs to support the agreement. But he said the mediators believed that any outside military action must be held in abeyance to see whether Bosnia's warring factions obeyed the letter of the pact.

"I sincerely hope that there will be no need for new military steps," Lord Owen said.

Mr. Vance and Lord Owen said they would now urge the UN Security Council to carry out the plan to bring peace to Bosnia, where more than 130,000 people have been killed over the past year.

Lord Owen expressed hope that the agreement would mark an irreversible turn in the fighting and "restore stability, peace and friendship to the region."

He noted, however, that the Bosnian plan was only a small step toward resolving the myriad conflicts in the former Yugoslavia. He remarked that the Balkans remained a tinderbox, with ethnic troubles festering in Croatia, Macedonia and the Albanian-dominated province of Kosovo in Serbia.

Among the biggest challenges facing the international community, Lord Owen said, will be the rapid creation of a peacekeeping force, consisting of tens of thousands of troops. The force would have to police the cease-fire, supervise the separation of combatants and maintain ultimate military authority over the regional ethnic governments.

"We don't deny that the problems will be immense," said Lord Owen, who represented the European Community in the talks while Mr. Vance served as the UN envoy. "The peacekeeping force will be the most complex ever attempted, and will require contributions from North America, Europe and Russia."

He said that contrary to what allied officials had said, he believed that the UN force would not have to comprise as many as 70,000 troops. Despite the difficulties involved in running a multinational peacekeeping force, he said that the prospects of peace would be enhanced if the force was broadly based.

The first task facing a UN force will be to assume the positions of the Croatian, Muslim and Serbian forces as they withdrew into the provinces granted to their respective ethnic groups. They will also be responsible for collecting and guarding the arms that must be turned over.

The plan also calls for the creation of an interim presidency that will rotate among the ethnic groups every six months. The mediators expect that it will take up to two years to organize free elections, write a new constitution that will fix final boundaries and repatriate the refugees displaced by the fighting.

A key early test of the peace plan will be the Serbs' willingness to surrender the territorial gains they have made in the last year. As a result of the enormous firepower provided to them by Serbs in the Yugoslav Army, the Bosnian Serbs now control 70 percent of the country's territory. But under the peace plan, they will retain only about 45 percent of the land.

Lord Owen praised Mr. Karadzic for taking "a brave, courageous decision" in signing the agreement. But he stressed that the map's boundaries were flexible and that villages could appeal for revisions under a boundary commission set up by the pact.

Conference sources said Mr. Karadzic was rebuffed when he sought Serbian control over a northern corridor that would link the Serbian communities in the western and eastern parts of Bosnia. Instead, the mediators agreed to set up a demilitarized neutral "throughway" that will be controlled by UN forces.

MOVE: Whites' Fright

(Continued from page 1)

According to official figures, there were 8,688 immigrants and 4,289 emigrants in 1992. Those statistics, however, miss what many experts believe is a considerable unofficial flow in both directions.

But South Africa is not an easy country to leave. Stringent currency-exchange laws effectively limit the assets emigrants can take with them to about \$60,000 per family.

"You have to cheat your assets out," said Gerald Steward, a real estate broker, "and while plenty of people do it, lots of people don't want to risk it." He said the current run was mild compared with those of 1961 and 1976, when the financial disincentives were not so stiff and "it seemed like every second house in the suburbs had a 'for sale' sign on it."

For Afrikaners, who constitute about 60 percent of the white population, there is a bigger problem: Where to go? Descendants of Dutch, French and German settlers, they have created their own language and culture in South Africa. There is no motherland to which they can return.

Even with these drawbacks, Mr. Anley said, he senses a new dynamic that could tilt the calculations toward exodus.

In the past, he added, "people left because they were afraid of political change. Now, they're leaving because they're afraid for their personal safety."

Whites are frightened. The crime rate has skyrocketed in the three years since President Frederik W. de Klerk signaled the end of apartheid. So has political violence. The murder rate is 10 times that of the United States, and although most victims are black, whites seem to talk of little else. One of the unspoken white nightmares for supporting a negotiated transfer of power has been the expectation that a black government will keep angry blacks at bay more effectively than a white police state.

The aftermath of the Hani killing has cast some doubt on that premise. Mr. Mandela and other black leaders appealed for restraint after the murder. But black youths looted and burned their way through such places as Cape Town's busy central shopping district, which is the symbolic heart of the white minority's good life.

There is also concern that the Somali factions whose warring pushed the country into anarchy and prompted the American intervention will try to test the resolve of the new UN force in the next several weeks. But UN military commanders insist that the groundwork for a transition has been well established and that any disruption will be dealt with firmly.

Continued U.S. Presence

Some American troops will remain in Somalia to prevent a slide back into chaos, Reuters reported from Mogadishu.

Operation Restore Hope, George Bush's foreign policy finale, brought warlords together to sign a peace accord, drove gunmen off the streets and opened up food corridors to hundreds of thousands of starving Somalis.

U.S. military officials say the handover does not mean the Americans will abandon the country, as many Somalis fear.

"We'll be out there in the high seas ready to intervene should there be any trouble out here," said Colonel Fred Peck, the U.S. military spokesman in Somalia.

"When we hand over command to the United Nations on Tuesday, we will still retain a presence here in the form of a quick reaction force off the coast and on the ground," he said. "For those eager to test the resolve of the UN, it will be too bad. They will be destroyed."

5 Whites Killed In South Africa, 2 Suspects Named

Reuters

EAST LONDON, South Africa — The police offered a \$50,000 reward Sunday and identified two blacks it was seeking in connection with the killing of five white men in a hotel in South Africa's Eastern Cape region.

Six whites and a black were wounded in the attack by gunmen Saturday night at a hotel near the port city of East London.

The police said they were seeking five men in connection with the attack. Officials identified two of the suspects as Lungisa Ntintili and Thembelani Xundu.

Mr. Ntintili is a member of the Pan Africanist Congress, whose military wing, the Azanian People's Liberation Army, has been blamed by the police for previous attacks on whites.

Mr. Ntintili was arrested in February on a car-theft charge.



Allegations of impropriety were wounding to Mr. Béréguoy.

SUICIDE: With Béréguoy's Death, France Expresses Anger and Shock

(Continued from page 1)

1986 from Roger-Patrice Pelat. A Mitterrand friend who was later indicted for insider trading.

His former chief of staff, Alain Boublil, was due to stand trial next month charged with helping Mr. Pelat, who has since died, to make a profit on shares of an American company bought up by the state-owned French firm Pechiney.

Mr. Béréguoy denied any impropriety. Several politicians said that having to borrow to buy a relatively modest flat after 30 years in politics showed he was honest.

"He could not bear that his honor, his integrity be put in doubt," said Michel Charasse, a former Socialist minister.

Mr. Béréguoy became a household name for most French people when Mr. Mitterrand appointed him secretary-general at the Elysée Palace — the equivalent of presidential chief of staff — after the Socialist's sweeping victory in legislative and presidential elections in 1981.

Interviewed soon thereafter, Mr. Béréguoy said he was especially pleased that a self-educated working-class man could occupy a key position traditionally reserved by postwar governments of all political hues for graduates of the prestigious National School of Administration.

Over the last year, however, he was sharply criticized because of a rise in unemployment and a slowdown in the French economy. On Saturday, Mr. Béréguoy met

ambition to become prime minister or president. He had already gained recognition as an effective finance minister, serving in the post from 1984 to 1986 and again from 1988 to 1992.

As finance minister, he won respect in financial circles by drafting the monetarist policies that helped lift France out of the recession of the early 1980s.

Over the last year, however, he was sharply criticized because of a rise in unemployment and a slowdown in the French economy. On Saturday, Mr. Béréguoy met

BRIDGE

By Alan Truscott

WINSTON CHURCHILL was once spotted by his host emerging naked from a bathroom in the White House. He raised a commanding hand when F.D.R. started to turn his wheelchair and depart. "The prime minister of Great Britain," he announced, "has nothing to hide from the president of the United States."

Showing all you have got may be sensible for allied heads of state, but it is not always the right policy for bridge players. An example is the diagrammed deal played in a high-stakes game at the Young Men's Philanthropic League in Manhattan. Sitting North-South were Steve Beck and Tannah Hirsch, opposing two experts.

West was happy to find himself with a hand that represented a playable grand slam opposite a balanced Yarborough, but had two things to worry about. He needed to find out which red suit to select, a choice that would depend on his partner's holdings in those suits. And he had a tactical problem: How could he prevent the opponents from saving in a black suit?

His bidding solved the first problem, but not the second. His Blackwood bid was an attempt at disguise, but his subsequent jump to seven hearts left him naked. North correctly reasoned that West must

have voids in both black suits, and resisted the temptation to double. South then saved in seven spades for a penalty of 1,100 in the revised scoring. He had no problem in the club suit, for West was employed after cashing his winners.

West was lucky to find that his hand was worth four tricks in defense. He should have made a tactical underbid by selecting six hearts instead of seven. If this has been shown a small loss, but he would have had a good chance of a big profit.

Neither side was vulnerable. The bidding:

West: 2♠, 4♥, 5♣, 7♥, Dbl.
North: 3♠, 4♥, 5♣, 6♥, 7♥, Dbl.
East: 3♠, 4♥, 5♣, 6♥, 7♥, Dbl.
South: 3♠, 4♥, 5♣, 6♥, 7♥, Dbl.

West led the diamond king.

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INDIA

In Show of Confidence, Nation Opens to the World

The Indian economy is clearly heading in a new direction, as evidenced by moves to lift trade and investment restrictions, reduce taxes and initiate other wide-ranging reforms.

As recently as three years ago, the announcement of an end to government licensing control over investment in such undesirable "luxury" industries as automobiles or appliances would have kicked up a political storm in socialist India. In early April, however, the government in New Delhi announced precisely that in its latest drive to lift licensing controls, and there was scarcely a ripple of comment. Proof, if any were still needed, that the Indian economy is now headed in a new direction.

That announcement came close on the heels of a path-breaking budget by Finance Minister Manmohan Singh, his third such reform exercise since the Narasimha Rao government assumed office in June 1991 at the height of an economic crisis. The budget made history because it contained no new taxes at all — an unprecedented move in overtaxed India's fiscal history; instead, it announced a record amount of tax reductions, totaling 0.7 percent of the nation's gross domestic product.

The most significant change was the sweeping reduction in customs tariffs, signaling that the Indian economy is being opened up to the world. More reductions, especially in corporate tax and personal income tax, have been promised for next year.

Even more newsworthy was Mr. Singh's announcement during his budget speech that the external value of the rupee would henceforth be determined by the market and not fixed by the government.

A sign of the growing confidence in the Indian economy is that the rupee has gained about 5 percent in value since the budget announcement and the full float, moving up to 31.30 rupees against the

U.S. dollar. Even more important, dollars have suddenly been flowing in at a rapid pace, and the country's foreign-exchange reserves have increased by over 30 percent in the six weeks to mid-April, reaching \$6.4 billion.

Major reductions in customs tariffs

That sum equals about three months' import cover, a more comfortable level than at any other stage in the last five years. Says a buoyantly optimistic C. Rangarajan, governor of the Reserve Bank of India:

"I knew that the rupee would gain in strength after we announced a full float."

All this is a ringing endorsement of the Narasimha Rao government's reform program, now nearly two years old. The reforms have given the economy an even keel: Annual inflation is down from 16.7 percent to 6.5 percent in less than two years; the fiscal deficit has dropped from 8.5 percent of GDP to the targeted 4.6 percent in the space of three budgets; and the runaway growth in money supply has been checked.

Economic growth slowed to barely 1 percent in the first year of the reform program (1991-92), from an average of 5.5 percent in the 1980s, but it has recovered to 4.2 percent in 1992-93 and is forecast to cross 5 percent this year.

More significant from a long-term perspective, the economy's regulatory

framework has been ripped apart in an attempt to give markets freer rein and to increase overall efficiency. Controls have been lifted on industrial investment; most trade controls have been dismantled; price controls on items like steel have been abolished; the troublesome monopoly law has been rendered toothless; and foreign investment is openly welcomed for the first time, with foreign majority ownership now automatically available in most sectors of industry.

The reform process is now beginning to focus on hitherto neglected areas — especially the financial sector and agriculture, both currently areas of heavy state control and intervention.

Much of the reform process has been helped along by a loan of \$2.2 billion from the International Monetary Fund and sectoral loans from the World Bank; the loans are tied to reform in areas like trade and social services. The 18-month "standby" loan program with the IMF

draws to a close this May, and it is widely expected that the standby loan will be dovetailed into a larger, three-year loan under the IMF's extended fund facility.

Amid reports that the IMF feels fiscal correction should have been even sharper in the latest budget, however, the government has decided to delay starting negotiations on a fresh loan. The sudden inflow of dollars, following the floating of the rupee, has given it added confidence in adopting this posture.

With last year's trade deficit at about \$4 billion and export growth still sluggish at less than 3 percent, the foreign-exchange crisis that forced India to radically rethink its economic policies is by no means over. Mr. Singh knows this as much as anyone else, and it is likely to persuade him to push ahead even harder with the reform program in the hope of building on the considerable successes that have already been notched up.

A Big Welcome for Foreign Investments

Significant changes in India's foreign-investment regulations have transformed the nation's business climate, encouraging overseas investors to set up joint ventures and allowing them to increase their shareholding in local companies.

Two large American companies — IBM and Coca-Cola — had to leave India in 1978, leaving behind them clouds of controversy about the country's laws governing international companies. Today, 15 years later, IBM has just begun to advertise its new joint venture in India, and Coca-Cola is busy setting up a manufacturing facility near Pune in Western India and preparing to launch its range of soft drinks.

The return of these two companies to India is a powerful symbol, given the events of 1978 and the restrictive history of the Foreign Exchange Regulations Act. FERA was recently amended to make it far less restrictive; as a result, India's business newspapers are beginning to report one kind of news

with almost monotonous regularity: General Electric announces a joint venture in lighting systems, its fourth Indian project in less than two years; Glaxo of Britain increases its equity in Glaxo India to 51 percent; and General Motors and Peugeot announce plans to start car production in partnership with Indian companies.

It would be an overstatement to say that India is going global, but it is certainly welcoming the world in ways that it never did before.

Foreign investment, which used to average barely \$100 million annually, increased sharply to \$500 million last year, and government officials expect it to double to \$1 billion next year.

A newly constituted Foreign Investment Pro-

motion Board has cleared foreign-investment proposals totaling over \$3 billion.

That may not seem like an enormous amount by, for example, Chinese standards, but it is significant in the Indian context.

"There is always a time lag between approval of an investment proposal and the dollars coming in," says Finance Secretary Montek Singh Ahluwalia. "Do not forget that China began opening up in 1978. There is no room for doubt that foreign investment in India is going to grow significantly."

With investment-hungry sectors like power generation and both the drilling and refining of oil thrown open to foreign companies, the trickle of investment dollars could

well become a flood. Energy ministry officials disclose that foreign companies have proposed investments of around \$16 billion in power projects involving an installed capacity of 16,000 megawatts. In another new area of foreign investment, British Gas has tied up with an Indian company to supply Bombay with piped gas; Calcutta is next on the list.

Much of the renewed foreign interest in Indian industry is a result of changes in the laws governing foreign investment. A principal change is that overseas companies can now automatically get majority shareholding in Indian joint ventures in most sectors; previously, they could not go beyond 40 percent without meeting stiff conditions. In addition, even the special cases tend to get cleared quickly by the FIPB.

Companies like Glaxo have seen clear opportunity in the new investment environment, and the British drug manufacturer has promptly increased its equity in its Indian company to more than 51 percent. "The pharmaceutical industry in India is still subjected to irrational price controls," says T. Thomas, chairman of Glaxo India, "but the overall business environment has improved, and this encourages foreign companies to increase their exposure in India."

Even fiercely nationalistic companies like Ranbaxy Laboratories — an Indian drug company that for some time spearheaded domestic lobbying to keep India's patent law unchanged in the face of U.S. pressure — has now announced that it is tying up with Eli Lilly. Some Indian business executives, however, are beginning to worry about loss of control. "We should be helping Indian companies to become multinationals, not allowing them to be taken over by multinationals from other countries," says Ravi Sinha, president of Shri Ram Fibres.

Other Indian executives may share Mr. Sinha's concern, but key government figures such as Finance Minister Manmohan Singh are convinced that, with foreign investment flowing increasingly into countries like Thailand and even Vietnam, India must join the game instead of watching from the sidelines, as it has done for over 40 years.

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Managing Director	Total Assets	8959
Mr. S.H. Khan	Profits during 1991-92 (before tax)	183



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2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	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CURRENCY

BUSINESS

International Herald Tribune, Monday, May 3, 1993

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CAPITAL MARKETS

Time Is Far From Right For a Big Issue by Spain

By Carl Gewirtz

International Herald Tribune

PARIS — The largest French franc Eurobond is waiting to be launched, bankers here report. The hangup is that Spain, which is looking to raise as much as 10 billion francs (\$1.88 billion), wants a long-term issue of at least 15 years, preferably 20 years. And this when the long-term markets have turned exceedingly soggy.

In all the major markets, prices last week declined and yields rose — by 26 basis points, or more than a quarter of a percentage point, in Britain; 22 basis points in Japan; 21 in Spain and the Netherlands; 18 in Germany; 15 in Canada; 11 in the United States and nine in France.

Thus, bankers are advising Spain to postpone its plans or aim for a shorter maturity where demand for new paper remains strong.

While the individual bond markets are suffering from purely domestic concerns, the global mood was soured by the well-publicized move into gold by George Soros, the investor and fund manager who is reputed to have made \$1 billion (\$1.57 billion) on sterling's collapse last autumn.

The price of gold spiked \$11 last week, to \$355 an ounce, its highest level since October, rekindling worries that weak governments, rising deficits, resistance to new taxes and a need to stimulate economic growth everywhere are a recipe for inflation. Gold is the classic haven against the debasement of paper money.

The rumor in the bond market is that Mr. Soros's real aim was not to establish a hedge against inflation but rather to use the news of his move to unsettle bond prices. The rumor says he established a large short position — selling bonds he did not own on the expectation they could be purchased later at a lower price.

Meanwhile, both the U.S. bond market and the dollar are in confusion about the outlook for the economy and the government's intentions regarding the currency. The surprise intervention in the foreign-exchange market last week on the eve of a meeting by finance ministers of the Group of Seven spurred speculation that the attempt to halt the rise of the yen had been part of a bargain to get Japan to put its dispute with Russia over the Kurile Islands on the back burner and increase its aid to Russia.

The dollar, which touched an all-time low of 109.35 yen, ended the week at 111.035 yen. But traders doubted that the yen's rise was over and continued to target a level of 105 yen as likely in the coming weeks.

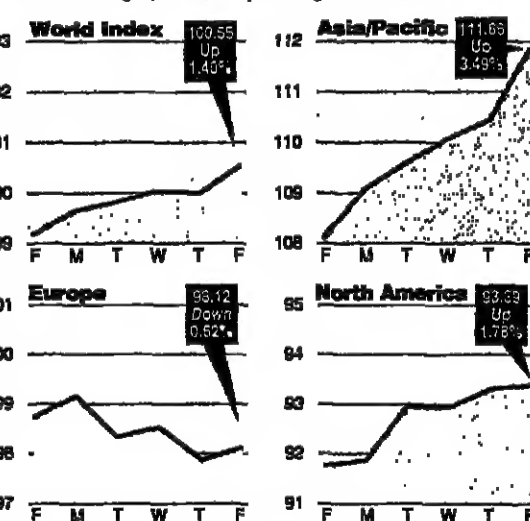
While the United States' slow first-quarter growth in gross domestic product, at a rate of 1.8 percent annually, was considered disappointing, many analysts maintained that the picture had been distorted by bad weather and that signs of a more robust pickup would yet emerge.

But Philip Braverman, a New York-based economist for DKB Securities who has accurately assessed the underlying trend in the past, sees continued sluggishness and mounting pressure on the

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THE TRIB INDEX

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News. Week ending April 30, daily closings. Jan. 1992 = 100.



Industrial Sectors/Weekend close	4/29/93	4/28/93	% Change
Energy	101.85	100.27	+1.58
Utilities	112.14	111.78	+0.32
Finance	102.06	100.58	+1.47
Services	109.32	108.36	+0.89
Capital Goods	101.42	100.41	+1.01
Raw Materials	103.15	102.00	+1.13
Consumer Goods	98.44	98.49	-0.05
Miscellaneous	103.54	103.52	+0.02

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

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CURRENCY RATES

Cross Rates	Per \$	Per 100	Per 100	Per 100	Per 100	Per 100	Per 100	Per 100	Per 100
Australian dollar	1.3675	1.3675	1.3675	1.3675	1.3675	1.3675	1.3675	1.3675	1.3675
British pound	1.5475	1.5475	1.5475	1.5475	1.5475	1.5475	1.5475	1.5475	1.5475
Canadian dollar	0.7125	0.7125	0.7125	0.7125	0.7125	0.7125	0.7125	0.7125	0.7125
French franc	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596
German mark	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663
Japanese yen	109.35	109.35	109.35	109.35	109.35	109.35	109.35	109.35	109.35
Norwegian krone	4.7603	4.7603	4.7603	4.7603	4.7603	4.7603	4.7603	4.7603	4.7603
Swedish krona	8.4664	8.4664	8.4664	8.4664	8.4664	8.4664	8.4664	8.4664	8.4664
Swiss franc	1.4836	1.4836	1.4836	1.4836	1.4836	1.4836	1.4836	1.4836	1.4836
U.S. dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Other Dollar Values	Per \$	Per 100	Per 100	Per 100	Per 100	Per 100	Per 100	Per 100	Per 100
Argentine peso	166.54	166.54	166.54	166.54	166.54	166.54	166.54	166.54	166.54
Brazilian cruzeiro	200.48	200.48	200.48	200.48	200.48	200.48	200.48	200.48	200.48
Chinese yuan	8.2756	8.2756	8.2756	8.2756	8.2756	8.2756	8.2756	8.2756	8.2756
Czech koruna	20.3606	20.3606	20.3606	20.3606	20.3606	20.3606	20.3606	20.3606	20.3606
Danish krone	6.4656	6.4656	6.4656	6.4656	6.4656	6.4656	6.4656	6.4656	6.4656
East German mark	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663
East German mark	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663
East German mark	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663
East German mark	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663

A Showdown Looms in Saxony

By Brandon Mitchener

International Herald Tribune

DRESDEN — Saxony, the most industrial area of East Germany, on Monday will be the fitting host for the region's first strike since the 1930s, thereby helping determine the pace of change for the rest of the 1990s.

The direct result of the German government's failure to achieve a national consensus on the economic consequences of unification, the strike threatens to undermine the region's already feeble recovery and has rekindled animosities between Western and Eastern Germany.

West Germans, whose wages are stagnant or declining after a decade of steady growth, show little sympathy for the clamor of their East German brethren, who are fighting for a quick march to an equivalent standard of living. Only 29 percent of West Germans support the strike, while 45 percent of East Germans support it, a German television station reported Sunday, citing a private poll.

East Germans, feeling betrayed by unfulfilled promises of a "blossoming landscape," have grown increasingly unwilling to make sacrifices after watching local employment plummet. Employment in the Saxon metalworking industry has fallen 80 percent from pre-unification levels, and remaining metalworkers earn one-third less than their Bavarian counterparts even though they work longer hours.

The regional divide is particularly apparent in the front lines of the combatants, with employers led by a Cologne-based industry association and unions by their blue-collar members in the East.

At May Day rallies Saturday, union leaders promised a "merciless" strike to defend their Eastern members' wages and honor after metalworking and steel-sector employers renege on a contract that would have boosted the East German wages by more than 20 percent this year and 30 percent next year.

Franz Steinkühler, head of IG Metall, the powerful union leading the strike, said the national industry employers association was using unification and a deepening recession as excuses to condemn 40 years of progressive labor relations to "the hurricane of history."

[Mr. Steinkühler and the general manager of the metal industry employers group, Dieter Kirchener, were both in Dresden on Sunday but have not held any last-minute talks to avert a strike, Reuters reported.]

Industry officials, meanwhile, accused the union of "irresponsibility" for threatening to turn a region already crippled by unification and recession into an industrial wasteland by demanding wage increases in excess of what companies can afford to pay.

Unit labor costs in the East are already 55 percent higher than in the West because of lagging productivity growth, and the wage hikes demanded by the union would cost the region an additional 100,000 jobs, the industry association said.

The planned equalization of East German wages with West German levels by April 1994 has stifled investment and threatens to prolong the region's misery, economists say.

"A sharp increase in wages will make the

creation of a mezzogiorno in East Germany more likely, not less so," said Kermit Schoenholtz, an economist at Salomon Brothers in London, referring to Italy's depressed South.

Günter Rexrodt, the German economics minister, addressing a May Day crowd in Oberhausen, said East Germans should show more flexibility and not demand wage increases at any cost. Strikes "do not help if a wage increase can only be bought with the ruin of companies and the loss of jobs," he said.

But some economists say the nature of the German social security system encourages unions to overstate their demands. "Why can the trade unions neglect the needs of the unemployed?" asked Thomas Mayer, an economist at Goldman Sachs in Frankfurt. "Because they assume the government is looking after the needs of the unemployed."

"As long as the government accepts this role, it's probably naive to expect a change of behavior in the labor unions. This point is particularly pronounced in East Germany," he said. "There it really hits you on the head."

The strike was scheduled to begin Monday at six steel mills and 20 metalworking companies, including local subsidiaries of Volkswagen AG, Siemens AG and AEG AG, some of West Germany's biggest companies.

If no compromise is found, the strike was programmed to spread throughout East and West Germany over the next two weeks, making it the first major strike affecting the West German metalworking industry since 1964.

Tokyo Warns It Could Match U.S. Sanctions

Compiled by Our Staff From Dispatches

TOKYO — Japan has warned it could strike back with retaliatory steps if the United States imposed sanctions on it for practices that Washington says discriminate against American construction companies.

A Foreign Ministry spokesman said Saturday that if Washington imposed sanctions on the basis of its "unilateral judgment," Tokyo would consider "appropriate measures," including possible "counter-retaliatory" steps.

The Japanese construction market is institutionally non-discriminatory and open, the Foreign Ministry's press secretary, Masamichi Hamabusa, said in a statement.

He was reacting to an announcement Friday by the U.S. trade representative, Mickey Kantor, that President Bill Clinton could decide to place sanctions on Japan if no

agreement is reached on the issue within 60 days.

The 60-day period would end a week before the Group of Seven industrial nations — Britain, Canada, France, Germany, Italy, Japan and the United States — gather in Tokyo in July for their annual summit meeting.

Mr. Kantor's statement was the latest and clearest sign of the Clinton administration's strategy to reduce the American trade deficit with Japan by challenging the status quo on specific trade issues.

The administration plans to seek negotiations with Japan on the construction issue, but Mr. Kantor would not describe the American strategy for such talks.

In his remarks, he also threatened sanctions against Brazil, India and Thailand for what he called inadequate protection of American patents and copyrights and for limiting access to telecommunications and other markets.

Brazil rejected the U.S. charge and urged that the issue be dropped to avoid hurting trade ties. In a news release issued by its embassy in Washington over the weekend, it said the charge had been based on "distorted perceptions."

Mr. Kantor called on Tokyo to open talks with Washington on the construction-industry dispute. He also asked for an examination of bilateral agreement on supercomputers to determine whether it terms had been respected.

But Mr. Hamabusa rejected the idea of holding negotiations "under the pressure of sanctions by limiting time."

He also said that "this kind of unilateral approach by the United States" could "have a disruptive influence" on the progress of the Uruguay Round negotiations, stalled multilateral trade talks under the General Agreement on Tariffs and Trade.

See BANKS, Page 11

(AP, NYT, Reuters)

Regulators Cast a Wider Net Over Banks' Capital

International Herald Tribune

PARIS — Having spent the past four years scrambling to meet international standards on capital adequacy that came into effect this year, commercial banks have been informed that the goalpost is about to be moved.

The details were outlined Friday at the Bank for International Settlements in Basel by the Committee on Banking Supervision, which includes regulators from the 11 major industrial countries comprising the Group of Ten.

They plan to widen the scope of capital adequacy from the present unique focus on credit risk to include market risk as well as interest-rate risk.

To soften the blow, bank regulators are proposing to allow banks

to issue short-term debt to cover part of the new requirement.

The regulators also signaled readiness to grant banks the relief they had long sought on measuring the amount of capital needed to back the off-balance-sheet business of swaps and derivatives.

The proposed alterations do not address the widespread complaint that stiffer capital-adequacy standards have contributed to a world credit crunch by discouraging banks from the direct lending of money to industry and consumers.

But by extending capital requirements on new forms of business — purchases of securities — the regulators appear to be striving to balance the effective cost to banks, whether they engage in traditional or in new businesses.

The overall impact, said Gerard Corrigan, chairman of the committee and head of the New York Federal Reserve Bank, would probably be a "very modest overall increase" in banks' capital requirement.

The proposal to alter the measuring of credit exposure in swaps and derivatives business that is not carried directly on banks' books is a major victory for the banks. This move is expected to reduce the amount of capital banks currently set aside for this business by as much as 40 percent.

The phenomenal growth of the derivatives business — a broad array of securities and investments with an estimated notional value in excess of \$1.5 trillion — has caused great anxiety among regulators, who fear that the complexity and

sophistication of these transactions could pull banks into a crisis the way that lending to developing countries did in the 1980s.

But private bankers have insisted that the notional amounts of swap contracts distort the picture and measure only activity, not true economic risk. They have lobbied regulators to measure exposure based on net value rather than on gross amounts.

The committee of supervisors now is proposing — under carefully defined conditions — to recognize certain bilateral netting arrangements.

The International Swap Dealers Association, whose 200 members include all the major financial institutions active in the swap market, hailed the proposal. Joseph P. Beau-

man, head of Citibank's derivatives business and chairman of the association, said in New York that it was "a milestone event."

Overall, however, capital requirements will rise, because the bank supervisors are also planning to widen the range of risks for which capital cover is needed. Exactly how much it is widened will vary with the institution, depending on its risk profile and because some of the new requirements will substitute for existing credit-risk requirements.

The initial rules, announced in 1988 and implemented at the start of this year, established a two-tier definition of bank capital, a system for weighting the relative riskiness

Frankfurt Notebook

At the Bundesbank, Hawks-Doves Debate Is for the Birds

No issue more constantly obsesses professional Bundesbankologists than the supposedly fluid proportion of anti-inflation monetarists, or hawks, to inflation apologists, known as doves, on the central bank's governing board. This is especially true at a time like the present when the bank's priorities are thought to be shifting.

Helmut Schlesinger, the Bundesbank chairman, dismisses the hawks-doves debate as a question for ornithologists, not serious economists. Above all, the identification depends as much on environment as on genes, he says.

Nevertheless, Mr. Schlesinger seems to have a certain affinity for hawks — or they for him. "I watch the birds that nest on our building," he said in an interview last week. "At one point we had hawks on

the building," he said, "but they left when the doves became more numerous. When I asked an ornithologist why the hawks were leaving, he said it was because the doves made such a mess."

"Then the doves left, too, for some reason. They aren't there any more," he continued. Coincidentally, around the time Mr. Schlesinger moved into his current office as chairman of the central bank, "I noticed that a small hawk had nested in the ledge outside here," he said, pointing out his window. "You can draw whatever conclusions you want from that."

Franco-German Rapport

Frankfurt's Economic Development Corp., which is promoting the city's candi-

dacy to host a future European central bank, apparently exceeded its authority recently in speculating about the potential for closer Franco-German cooperation.

The German edition of the development agency's European Central Bank Update, which was published in mid-April, said the decision on where to site the bank would probably be postponed until the end of the year. That would be after Britain's vote on ratification of the Maastricht treaty on European union.

The delay, coupled with a new government in France, would encourage Paris and Bonn to agree bilaterally to exchange board members between the Bank of France and the Bundesbank, cut the official franc-mark currency fluctuation band to 1.5 percent from 2.5 percent or

even set a fixed exchange rate, and create a joint Franco-German central bank, the Update speculated.

Reporting Rate Changes

The moments immediately preceding news conferences at the Bundesbank's guest house have long been chaotic, with a score of intensely competitive reporters mobbing anyone who walked into the building with a folder that looked like it might contain the key press release.

Confusion reigned complete on April 22, however, when the Bundesbank released not the usual single statement, but three, with the most important statement coming last — a double-barreled cut in the discount and Lombard rates.

Reporters trained to believe that no mention of interest rates in a press release meant there was no change in rates rushed off to their phones before the third release could be distributed. The mistake cost many market players money and left reporters and the Bundesbank bitterly pointing fingers at one another.

The Bundesbank, in a sternly worded letter to news agencies, wrote: "We take this occasion to remind you that a report that the Bundesbank has left its rates unchanged is only permitted on the basis of a concrete confirmation." The central bank described this formality as long-standing practice, which agency reporters disputed.

Brandon Mitchener

When gold must do more than glitter

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New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Maturity	Coupon %	Price	Yield	Terms
Floating Rate Notes						
Citicorp	\$200	2003	1/4	99 1/4	—	Below 3-month Libor, Minimum interest 5 1/8%, maximum 10%. Noncallable. Fees 0.50% (Goldman Sachs Int'l)
Crédit Commercial de France	\$150	2003	1/4	99 1/4	—	Below 6-month Libor, Noncallable. Fees 0.50% (Goldman Sachs Int'l)
Mortgage Bank of Denmark	\$100	2005	0.30	100	—	Below 6-month Libor, Minimum interest 5%, maximum 8%. Noncallable. Fees 0.50% (Kodder, Feibody Int'l)
Inf' Nederland Bank	\$100	2003	1/4	100	—	Below 6-month Libor, Minimum interest 5 3/16%, maximum 8 1/4%. Noncallable. Fees 0.50% (Denominations \$10,000, Morgan Stanley)
Urban Mortgage Bank of Sweden	\$150	1995	3/4	99 7/8	—	Over 6-month Libor, Noncallable. Fees 0.10%. Denominations \$10,000 (Morgan Int'l)
WestLB Finance	\$50	2003	1/4	99 1/4	—	Below 6-month Libor, Minimum interest 5%, maximum 8%. Noncallable subordinated notes. Fungible with outstanding issues, raising total to \$150 million. Fees 0.50% (Lehman Brothers Int'l)
Toyoko	¥5,000	1999	3/4	100	—	Interest will be 3/4 over 3-month Libor until 1996, thereafter 1/4 below Libor. Noncallable. Fees not disclosed. Denominations 10 million yen (DKB Int'l)
Fixed-Coupons						
Banco Bradesco	\$50	1995	9	100.143	—	Semiannually, Noncallable. Fees 1%. Denominations \$10,000 (Deutsche Bank)
Banco Economico	\$70	1994	9 1/2	99.48	—	Semiannually, Noncallable. Fees 1 1/4%. Denominations \$10,000 (Paribas Capital Markets)
Colombia	\$125	1998	7 1/2	99.23	—	Semiannually, Noncallable. Fees 0.875% (Bankers Trust Int'l)
Export-Import Bank of Japan	\$300	2005	6 1/4	98.89	—	Noncallable. Fees 0.35% (Merrill Lynch Int'l)
Osaka Gas	\$250	1998	5 1/4	101.48	—	Reoffered at 99.89, Noncallable. Fees 1 1/4% (Goldman Sachs Int'l)
Spiritab	\$200	1998	6	99.53	—	Noncallable. Fees 0.35% (J.P. Morgan Securities)
BUFA Finance	\$100	2018	10 1/4	100.05	—	Reoffered at 98.22, Callable at par in 2013, when coupon may be reset. Fees 2 1/4%. Denominations \$10,000 (Sammel Montagu)
Eurofima	£75	1998	7 1/4	100 1/4	—	Noncallable, Fungible with outstanding issues, raising total to \$175 million. Fees not disclosed (Deutsche Bank)
Crédit National	FF 1,000	1996	7 1/4	100.33	100.50	Noncallable. Fees 0.25% (Paribas Capital Markets)
Crédit National	FF 2,000	2003	7 1/4	98.01	97.23	Noncallable. Fees 0.375% (Paribas Capital Markets)
Deutsche Bank Finance	FF 2,000	1996	7	100.95	—	Reoffered at 99.82, Noncallable. Fees 1 1/4% (Deutsche Bank)
European Coal & Steel Community	FF 1,500	2003	7	97.78	97.40	Noncallable. Fees 0.225% (BNP Capital Markets)
Sweden	FF 3,000	2000	7 1/4	99.67	99.00	Reoffered at 99.67, Noncallable. Fees 0.30% (BNP Capital Markets)
Banque Nationale de Paris	FF 150,000	2003	10 1/8	101.85	—	Noncallable. Fees 2% (Banque Commerciale Italiana)
Boyerische Landesbank	FF 300,000	2003	10 1/4	101 1/4	—	Noncallable. Fees 2% (Monte di Paschi di Siena)
British Gas Int'l Finance	FF 150,000	2003	10 1/4	101.71	—	Noncallable. Fees 2% (BAI)
Boyerische Vereinsbank	FF 100	1998	7 1/4	100.45	—	Reoffered at 99.03, Noncallable. Fees 1 1/4% (Hombros Bank)
General Electric Capital of Canada	FF 150	1998	7 1/4	100.72	—	Reoffered at 99 1/4, Noncallable. Fees 1 1/4% (Wood Gundy)
Daido Steel	¥20,000	1997	4 1/8	101 1/4	—	Reoffered at 100.05, Noncallable. Fees 1 1/4%. Denominations 10 million yen (Yamachi Int'l Europe)
Nippon Oil Finance	¥3,000	1998	4 3/4	100 1/4	—	Interest will be 3/4 over 3-month Libor until 1996, thereafter 1/4 over 3-month Libor. Reoffered at 100.30, Noncallable. Fees 0.50%. Denominations 100 million yen (Fuji Int'l Finance)
Nishio Iwai Europe	¥5,000	1994	3 1/8	100.16	—	Reoffered at 100.11, Noncallable. Fees 0.20%. Denominations 100 million yen (Sawara Int'l)
Equity-Linked						
Fortis	£90	2008	6 1/4	100	—	Semiannually, Noncallable, Convertible at 225 pence per share, at 15.5% premium. Fees 2 1/4% (UBS)
Copcom	¥12,000	1997	1 1/2	100	—	Semiannually, Convertible at 87 1/2 yen per share. Fees 2 1/4%. Denominations 5 million yen (Morgan Int'l)

BANKS: Regulators Cast a Wider Net Over Capital

(Continued from first finance page)

of different categories of bank assets and off-balance-sheet items, and an 8 percent minimum ratio of capital to assets.

Now, regulators want to add to this credit-risk-based system a capital charge for market risk — the danger that price changes on holdings of stocks, bonds, foreign exchange or swaps could adversely affect the banks.

Given the rapid expansion in banks' trading activities, particularly in the derivative markets, "it was clear that the focus on credit risk would need to be widened to encompass market risks," the Committee on Banking Supervision said.

"While the specific methodologies proposed for calculating the capital charges for each of the classes of instrument differ," it said, "the committee has gone to great lengths to try to satisfy itself that the different methodologies produce roughly equivalent economic results."

The committee is asking for public comment on its proposals through the end of this year and says it aims to implement the bilat-

eral netting scheme shortly after the close of the consultation period, sometime in 1994. It set no target date for implementation of the market-risk charge against capital.

To ease the burden on banks, the supervisors proposed to expand the definition of bank capital to include a new class of short-term subordinated debt to be used exclusively to meet some of the capital charges for the market risk associated with debt securities and equities.

The bank supervisors acknowledged that their proposals risked creating an unbalanced playing field, as only deposit-taking banks would be covered, leaving such mighty players as securities houses and investment banks operating under less stringent rules.

The committee said it regretted the failure to reach a common accord with the International Organization of Securities Commissions but said its overall approach had been "designed with a view to its ultimate application to a wider spectrum of institutions."

Likewise, the committee acknowledged "significant differ-

ences" with the European Community's capital-adequacy directive covering banks and securities firms.

Saying that it favored "a stricter prudential standard," the committee invited banks to comment on any problems that may arise from the need to comply with two regimes and stated its resolve to achieve convergence with the EC.

The committee also said it intended to develop a system to measure interest-rate risks run by banks — the risk that a change in rates might adversely affect a bank's financial condition.

The committee said that although this risk is difficult to measure, "it is a significant risk which banks and their supervisors need to monitor carefully."

At this point, the supervisors are not proposing a capital charge for this risk. "The measurement system is designed to identify institutions that may be incurring extraordinarily large amounts of interest-rate risk," they said. "It would be left to national authorities to determine what, if anything, might be done."

— CARL GEWIRTZ

G-7: Will the New Civility Augur Better Cooperation?

(Continued from page 1)

from the collegial atmosphere he has created. It is an interesting experiment."

It was the sly diplomacy of Mr. Bontsen, a Texas Tory skilled in the arts of political negotiation, that was the most notable development in the change of climate from the anger aroused by his predecessors, James A. Baker 3d and Nicholas F. Brady, seeking commitments to help re-elect their friend George Bush.

After more than a decade of economic nationalism once derided as "gunboat economics" by the magazine *Foreign Affairs*, this shift toward collegiality is more important than it seems in what, after all, essentially a diplomatic process.

President Bill Clinton even did his bit, stopping by the ministerial dinner at the government's elegantly appointed guest house and promising "exceptional actions" to help push the long-stalled Uruguay round of talks to liberalize trade in services and agriculture. Finance ministers played down the latest U.S. attack on Japan's trade restrictions — in the construction industry this time — to highlight goodwill among themselves.

The British chancellor of the Exchequer, Norman Lamont, declared it an "excellent meeting." German diplomats, who rarely tire of lecturing others on financial rectitude, said they had found it good to work with Lawrence Summers because the American undersecretary of the Treasury understood their problems as an economist.

Edmond Alphandery, new to the club as the finance minister of France's new conservative government, described the meeting as "calm, relaxed and altogether agreeable." For him, one of its benefits was mutual understanding — "that every country knows what every other country's policy is, that they are not saying one thing and doing another."

In the G-7 communiqué, the United States said that long-term interest rates had already fallen because the Clinton administration had pledged to reduce the government's budget deficit — the very promise of which was the leverage Mr. Bontsen had used to reinstate the grouping's moribund process.

Led by Germany, Europeans said that interest rates were coming down and that they hoped to cut them further as budget deficits are cut in the medium term. Translation: Don't hope for too much more interest-rate relief, because no government is so politically suicidal as to reduce deficits in a recession.

No commitments were made by the Bundesbank president, Helmut Schlesinger, and even Finance Minister Theo Weigel of Germany supported his policies of not being "aggressive" in lowering rates.

Japan took credit for printing the pump with more than \$100 billion in government spending but refused either to promise more or to increase aid to Russia, and Mr. Bontsen said he did not press for either of those.

After suffering through the Clinton administration's talking up of the yen until the United States intervened last week to halt the dollar's decline, the Japanese were particularly relieved to obtain G-7 support for less currency volatility. They took this to mean that although the yen might have to move higher, they would not be hectoring it by Washington and could let the rate change at a more leisurely pace.

The meeting of the IMF's Interim Committee was upstaged not only by this G-7 session but also by the one in Tokyo last month devising a \$28 billion aid program for Russia, leaving IMF officials searching for a role in the international economic order. In its communiqué, the committee cited strong growth in developing countries, the opening up of the former Communist economies and the stimulative strategies of the industrial countries as the main hopes for world economic revival.

The ministers also received a report on last fall's currency upheavals in Europe conceding that governments were increasingly vulnerable to cross-border investors who can move as much as \$1 trillion in a day.

Their communiqué supported the IMF staff's plans to increase consultation and surveillance over exchange rates, but it was unclear what the IMF could do beyond offering advice when governments refuse to act for reasons of politics or pride.

News of Treasury Refunding to Take Center Stage

Compiled by Our Staff From Dispatches

NEW YORK — After months of speculation, market participants will hear this week whether the government plans to make the 30-year Treasury bond something of an endangered species.

Prices of U.S. Treasury bonds

and notes sank last week as the market became more sensitive to potentially bad news ahead of the government's next quarterly refunding. Analysts said the main problem was that investors had become reluctant to make trades involving the 30-year bond.

As it does every three months, the government will announce Wednesday how much of which types of securities the Treasury plans to sell next week in its quarterly auction to finance the budget deficit. This time, however, a study by the Treasury Department on how it finances the deficit is due to be released before the Wednesday announcement — possibly as early as Monday.

In its previous refunding, in Feb-

ruary, the Treasury sold \$35.5 billion of notes and bonds to refund \$25.5 billion in maturing securities and raise \$10 billion in new cash.

The Treasury Department auctions securities, such as notes and bonds, to raise money to run the government. Refundings are a special set of auctions held to pay off maturing securities that were sold years earlier.

The market had been speculating for some time that the Treasury's study of the refunding operation would call for reducing the quantity of 30-year bonds sold, or possibly even eliminating the 30-year maturity, to reduce borrowing costs. Such a move, by reducing the supply, would raise the value of the 30-year bonds outstanding.

But late last week, traders began hedging their bets. Kevin Flanagan, an economist at Dean Witter, said the market was "being moved by rumors that the Treasury is not going to make any significant cut-back in the bond."

The price of the 30-year bond due in 2023, the market's bellwether security, fell 1/32 of point on the week to end at 102 9/32. Its yield, which moves in the opposite

direction of its price, jumped to 6.94 percent from 6.79 percent.

The yield spread between the two-year note and the 30-year bond, meanwhile, widened to 314 basis points from 308. The two-year note's price fell 5/32 to 100 3/32, for a yield of 3.80 percent, up from 3.71 percent.

"From an information standpoint, we had negative news for the market throughout the week," said Scott Knous, senior fixed-income analyst at First Boston.

In addition to the growing suspicion that the 30-year bond sale might not be cut back after all, the report on first-quarter gross domestic product showed a big slowdown in the economy. The Commerce Department reported that growth slowed to an annual rate of 1.8 percent, after six months of stronger expansion.

This week, in addition to the details on the Treasury auctions, there will be a full complement of

economic data: The National Association of Purchasing Management will report Monday on the strength of the manufacturing sector in April; the Commerce Department's leading economic indicators for March come out Tuesday; the Federal Reserve will issue its Beige Book report on the American economic condition Wednesday, and the Labor Department will release April employment data Friday.

(UPI, Reuters)

Poland's Legislature Clears Privatizations

By Jane Perlez

New York Times Service

CRACOW, Poland — Reversing a vote taken in March, the lower house of the Polish parliament has approved a privatization plan for many of the country's state-owned industries.

The move gives economic reform a major lift and bolsters the position of the government, which has sometimes been shaky.

The program, approved on Friday, calls for turning a majority of shares in 600 state-owned enterprises over to 20 national investment funds. The funds are to be managed by experienced Western investment companies, which are expected to introduce modern management techniques into ailing enterprises.

The Polish economy has shown encouraging signs in the last year, and Poland has received good reviews from international institutions for moving to a market economy.

More than 50 percent of Polish workers are now employed in private enterprises and inflation was lower than expected in the first three months of this year.

But the defeat in parliament last month of the privatization plan

and arguments among politicians against Western managers dampened some of the confidence.

"We are elated," Christian Duvigneau, a representative of the World Bank in Warsaw, said of the bill's passage.

Prime Minister Hanna Suchocka, who portrays herself as a free marketeer but whose ability to govern was threatened two days ago when a party in her fragile coalition walked out, expressed relief. "It is a very important day for the Polish economy," she said.

The lower house approved the bill by a vote of 215 to 178, with 22 abstentions. The bill now goes to the Senate, where it is expected to be approved, and to President Lech Walesa, who is expected to sign it.

Mrs. Suchocka won by wooing legislators from the Democratic Left Alliance, composed of members of the old Communist government, from whom she had previously tried to keep a distance.

The parliamentary approval Friday was also critical for the release of new money to Poland by the World Bank and other multilateral institutions, economists said.

Despite promising economic signs and the approval of the privatization bill, Polish and Western economists have been pointing to growing protectionism by Western Europe toward Eastern Europe as a major stumbling block.

BONDS:

Skittish Market

(Continued from first finance page)

Federal Reserve to further reduce interest rates. His conclusion is that yields on U.S. bonds will continue to fall, as will the dollar.

Friday's report on U.S. employment for April is widely expected to give markets a reason to move. But Mr. Braverman warns that the numbers could give a false signal of revival because of an increase in part-time help.

In Europe, bond markets were rattled by signs that the Bundesbank is now focusing on fighting recession and will be moving more aggressively to reduce short-term rates even as the budget deficit remains out of control.

The yield on 10-year German government bonds backed up to 6.79 percent last week, and analysts doubted there was much chance of a revival until yields climbed back to 7 percent.

This will automatically restrict the room for French bonds, which ended the week yielding 7.20 percent, to move. The spread between German and French bonds now stands at 41 basis points, close to the historic low of 38 basis points set early last year.

Christopher Potts at Banque Indosuez sees the possibility that this spread could collapse altogether, but only after the French yield curve — the difference between short-term and long-term rates — has returned to a normal upward slope.

Euromarkets At a Glance

Eurobond Yields			
	Apr. 28, 1993	Apr. 27, 1993	Apr. 26, 1993
U.S. 1-year term	7.25	6.81	6.72
U.S. 3-month term	7.25	6.81	6.72
U.S. 6-month term	7.25	6.81	6.72
French 1-year term	7.25	6.81	6.72
French 3-month term	7.25	6.81	6.72
French 6-month term	7.25	6.81	6.72
German 1-year term	6.79	6.79	6.79
German 3-month term	6.79	6.79	6.79
German 6-month term	6.79	6.79	6.79
Italian 1-year term	7.25	6.81	6.72
Italian 3-month term	7.25	6.81	6.72
Italian 6-month term	7.25	6.81	6.72
Spanish 1-year term	7.25	6.81	6.72
Spanish 3-month term	7.25	6.81	6.72
Spanish 6-month term	7.25	6.81	6.72
U.K. 1-year term	7.25	6.81	6.72
U.K. 3-month term	7.25	6.81	6.72
U.K. 6-month term	7.25	6.81	6.72

Source: Luxembourg Stock Exchange

Weekly Sales

Euromarkets			
	April 29	April 28	April 27
Germany	217.10	107.70	67.20
France	7.20	—	—
Italy	113.30	—	142.80
Spain	491.80	1,621.40	10,749.30
U.K.	5,520.10	2,700.10	11,649.90

Source: Euromarkets Group

Libor Rates

Libor Rates			
	1-month	3-month	6-month
U.S.	3 1/2	3 1/2	3 1/2
Switzerland	7 1/2	7 1/2	7 1/2
France	4 1/2	4 1/2	4 1/2
Germany	6 1/2	6 1/2	6 1/2
Italy	7 1/2	7 1/2	7 1/2

Source: Libor Bank Refiners

ON 04 JULY 1993 THE WINNER TAKES ALL



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JAN 10 1993

WORLD STOCKS IN REVIEW

Via Agence France-Press

Amsterdam

For the first time this year, the Amsterdam Stock Exchange weakened sharply and closed Thursday at 215.8 points, down from 223.1 points the previous week.

The markets were closed on Friday for the Queen's Day holiday.

The stock exchange did not respond to lower interest rates.

The main disturbing factors were the weakening dollar, lower projected general economic growth and less spending power because of the measures that will be taken to lower the budget deficit in the year ahead.

Frankfurt

The Frankfurt exchange was overshadowed with gloominess last week as the outlook on the German economy remained pessimistic.

The DAX index of leading shares finished Friday at 1,627.19 points, down by 1.72 percent on the week.

The signs of a lasting recession in Germany are growing, brokers said, and further losses can be expected.

The market's late-week rise was due to purely technical factors, operators said.

The DAX gained 0.20 percent Friday after eight days of consecutive downturns.

Hong Kong

Share prices rose 1.18 percent last week in anticipation of a solution reached on Hong Kong's political future during the Chinese-British talks.

The key Hang Seng Index gained 79.57 points to close the week's trading on Friday at 6,830.51.

Average daily volume stood at 5,083 billion Hong Kong dollars, up from the previous week's 4,612 billion dollars.

The key barometer gained 94.81 points on Monday as investors went on a buying spree after Britain and China agreed to hold another round of talks to resolve the row over Governor Chris Patten's proposals to broaden franchise in the territory before China's takeover in 1997.

London

Share prices fell through a key barrier in London last week, hit by a fall on the futures market after sales from U.S. investors, dealers said.

The Financial Times-Stock Exchange 100 index fell 30.7 points, down one percent, to 2,813.1 points, having earlier fallen

below the 2,800-point level for the first time in three months.

Dealers said that despite recent encouraging economic indicators, the market was nervous and lacking a definite direction.

Britain's gross domestic product rose 0.2 percent in the first quarter of the year against the previous quarter. The rise was below expectations but showed the second consecutive quarterly rise after eight quarters of falling output. It was the official "end of the recession" the government said.

Paris

The downward movement of French interest rates and a range of technical factors lifted the Paris bourse sharply last week.

The CAC-40 index closed Friday at 1,939.03 points, up from 1,916.58 points the previous week, a rise of 1.17 percent.

Analysis said lower rates would help stimulate the stagnating economy but warned that the damage of the past two years of high real rates was still feeding its way into the system.

But remarks by the Bundesbank president, Helmut Schlesinger, that the recession would be the central bank's main concern from now on encouraged hopes that rates would fall further.

French interest rates have fallen from 9.10 percent two weeks ago to 8.25 percent, their lowest level since January 1989. The moves have not affected the position of the franc.

Milan

After starting the week on a euphoric note to welcome the choice of Carlo Azeglio Ciampi as the new prime minister, the Milan bourse ended the week in crisis after the former Communist party withdrew from the new government.

The MIB index finished down 12 points or just over one percent on the week at 1,163 points, after the previous week's 3.71 percent rise following the referendum vote for reform that paved the way for the new government.

Singapore

The key Straits Times industrial index rose to a new high early this week amid hectic activity on the Singapore exchange, but by the end of the week, values had tapered off on profit-taking.

On Monday, the index surged 24.19 points to a record 1,797.26 on spill-over buying from the previous week.

After breaking the record, the market

eased back and the industrial index ended at 1,783.63 Friday, up just 10.56 points from the previous week.

Tokyo

The Nikkei average soared to its highest in more than 13 months last week, lifted by heightening prospects of Japanese economic recovery and a slower appreciation of the yen, dealers said.

The 225-issue Nikkei ended Friday at 20,919.18, its highest since March 6, 1992.

The broader Tokyo Stock Price Index, based on all issues listed on the first section of the Tokyo Stock Exchange, gained 88.1 points from the previous week to finish at 1,620.79.

Zurich

Zurich shares eased back in reduced trading activity last week and the Swiss Performance Index finished Friday at 1,323.71, down 14.15 points.

The absence of any major company news and the weakness of the dollar prompted the negative trend, one broker commented.

Banks led the way lower. UBS was down 31 Swiss francs at 934 and SBS down 10 at 340. CS Holding bucked the trend with a gain of 10 to 2,450.

BUSINESS BRIEFS

Pearson Considers STAR-TV Stake

LONDON (Bloomberg) — The British conglomerate Pearson PLC may bid as much as £100 million (\$157.4 million) for a minority stake in Hong Kong's STAR-TV, the Independent on Sunday reported.

Frank Barlow, managing director of Pearson, parent of the Financial Times, was quoted as saying that STAR-TV's owner, Li Ka-shing, was "interested in selling a stake" and that Pearson was interested in buying it. STAR's audience is estimated at 41 million people in 38 countries.

Philips to Leave Matsushita Venture

TOKYO (Combined Dispatches) — Matsushita Electric Industrial Co. will buy Philips Electronics NV's 35 percent equity interest in the companies' joint venture, Matsushita Electronics Corp., for 185 billion yen (\$1.69 billion).

The venture makes semiconductors, cathode ray tubes and lamps. (Bloomberg, AFP)

Broker Is Sentenced in India Scandal

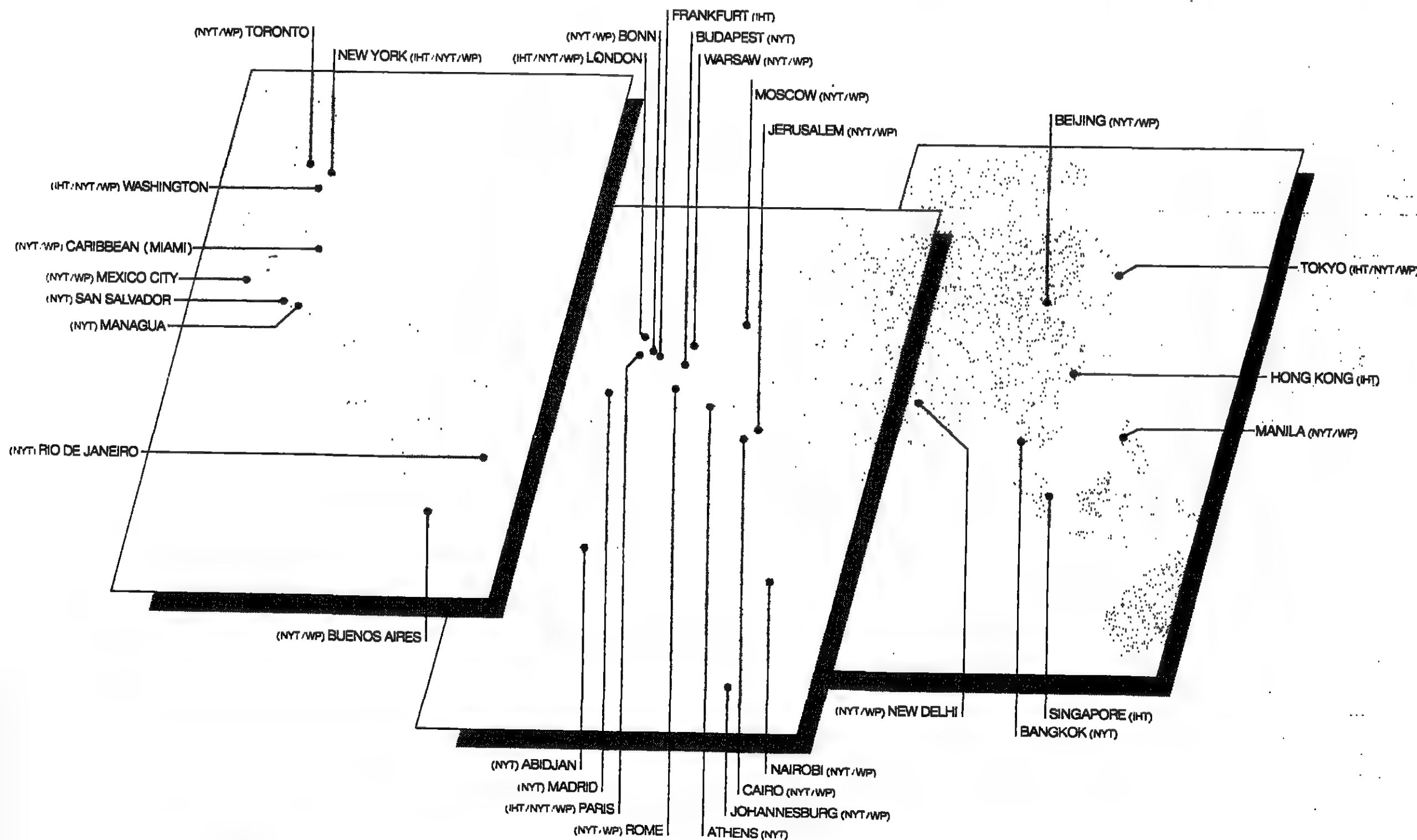
NEW DELHI (Bloomberg) — Hiten Dalal, a stockbroker, has been sentenced to a year's imprisonment by a special court in Bombay in a case linked to last year's financial scandal.

The court sentenced Mr. Dalal to hard labor and fined him 100,000 rupees (\$3,210) for issuing bad checks for 784 million rupees.

GM Won't Recall Pickup Trucks

WASHINGTON (WP) — General Motors Corp. has turned down a government request to recall 4.7 million pickup trucks that critics say are likely to explode and burn in side-impact crashes.

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SPORTS BASKETBALL

Justice Helps Lift Braves Over Cards

The Associated Press
Atlanta manager Bobby Cox calls David Justice another Thomas Edison: "He wants to experiment a lot."

Justice finally quit experimenting with his batting stance, went back to his old one and hit a two-run homer with two outs in the eighth inning to give the Braves a 4-3 victory over the St. Louis Cardinals on Sunday in Atlanta.

Justice's fifth homer came on a 1-0 pitch from reliever Ron Murphy. The right fielder entered the game batting .183.

Mike Perez walked Ron Gault with one out in the eighth and went to second on an infield groundout by pinch-hitter Damon Berryhill.

Justice's 434-foot homer to right field made a winner of Kent Mercker, who pitched one inning. Mike Stanton retired the Cardinals

NL ROUNDUP

in the ninth for his career-high ninth save in as many opportunities.

Gregg Jefferies' two-run double in the fifth inning gave St. Louis a 3-1 lead. Jefferies had only one hit in 13 previous at-bats against Steve Avery before breaking a 1-1 tie with a double down the left-field line.

Pirates 6, Astros 2: Jeff King hit two homers and drove in four runs in Houston as Pittsburgh snapped the Astros' five-game winning streak.

It was the second time in King's major-league career that he has hit two home runs in a game. He also hit two on Sept. 5, 1990, against the New York Mets.

Pittsburgh took a 3-0 lead in the first inning against Greg Swindell. After singles by Lonnie Smith and Andy Van Slyke, King hit his first home run of the season, a drive off the left-field foul pole.

King led off the fourth inning with another homer, narrowly clearing the left-field wall.

Cubs 4, Reds 3: Mike Morgan, coming off his worst start in three years, scattered three hits in seven innings and Chicago kept John Smiley winless in Cincinnati.

Chicago batted around for three runs in the third off Smiley, whose ERA after six starts is 5.74. Morgan, who was pounded for nine runs in 3½ innings against Colorado in his last start, walked six and gave up two runs.

Ryne Sandberg and Steve Bochele singled in the second and Car-

dy Maldonado hit into a run-producing double play for a 1-0 lead. Smiley, pitching in a steady rain, gave up five consecutive two-out hits as the Cubs pulled ahead 4-0 in the third. Mark Grace and Sandberg had RBI singles, and Bochele doubled home another run as the rain turned into a downpour.

Bill Landrum relieved Smiley after a 22-minute delay and struck out Sammy Sosa, in a 3-for-30 slump, with the bases loaded to end the inning.

A throwing error by Morgan helped the Reds score twice in the bottom of the third.

In games played Saturday:

Padres 5, Mets 3: Gary Sheffield broke a tie with a two-run homer in the eighth inning in San Diego as the Padres handed New York its seventh straight loss.

Sheffield's sixth homer of the year came off former Padre Mike Maddux. Tony Gwynn started the inning with a bunt single, his fourth hit of the game.

Reds 9, Cubs 4: The home team rode an eight-run third inning—its biggest in three years—to victory over Chicago.

Cincinnati sent 12 batters to the plate in the third against Mike Harkey and Jose Bautista. Hip Roberts and Barry Larkin each singled twice and drove in a pair of runs.

Cardinals 10, Braves 3: Todd Zeile broke out of a 2-for-20 slump with a tie-breaking, bases-loaded double in the sixth in Atlanta. St. Louis broke open the game with a five-run seventh that included a three-run double by Mark Whiten and a two-run double by Tom Pagano off Marvin Freeman.

Giants 7, Expos 3: Darren Lewis hit a two-run homer, highlighting a six-run first inning and leading the home team over Montreal for their fifth straight victory.

Astros 7, Pirates 3: Doug Drabek defeated his former team for his first victory at home with Houston as the Astros defeated Pittsburgh in a game marred by a fight.

The benches emptied in the fifth after Houston's Eric Anthony was knocked down by a pitch from Randy Tomlin. Anthony charged the mound and grabbed Tomlin, and a five-minute fight ensued. Houston scored four times in the third.

Dodgers 5, Phillies 1: Tom Candiotti baffled Philadelphia with his knuckleball, and rookie Mike Piazza continued his hot streak with a solo homer as Los Angeles won at home.



The Hornets' Kendall Gill, left, and Dell Curry closed in as Rick Fox of the Celtics lost his balance.

Knicks Rally in 2d Half For 2-0 Lead Over Pacers

The Associated Press
Homecourt advantage was no help at all in the National Basketball Association playoffs this week-end until the New York Knicks took the floor at Madison Square Garden on Sunday.

The Knicks, who blew a 19-point lead in the first game before holding on to beat Indiana, rallied in Game 2, beating the Pacers, 101-91. John Starks had 29 points and 11 assists, and Patrick Ewing scored 25 points.

With the victory, the Knicks became the first team to take a 2-0 lead in the first round of the playoffs after four series were tied, 1-1, on Saturday.

Game 3 of the best-of-5 matchup between the first and eighth seeds in the Eastern Conference will be Tuesday night at Market Square Arena.

Rik Smits scored a playoff career high 29 points and Reggie Miller had 25 for the Pacers, who are still looking for their first victory in an NBA playoff series.

Charles Oakley led a 45-26 advantage on the boards for the Knicks with 12 rebounds, and Doc Rivers finished with 13 assists.

Indiana made 56.4 percent of its shots in the first half, leading by as many as 16 points and taking an 11-point advantage into the third period.

The Pacers extended the margin to 59-44 early in the second half before two baskets by Ewing started a 21-8 spurt that pulled New York to 67-65. Anthony Mason keyed the rally with three consecutive baskets that made it 65-60 with

4:16 left, and his layup with 0.2 seconds remaining closed the gap to 72-71 after a third period that saw the Knicks hit 12 of 18 shots.

Starks then hit two 3-pointers and Rolando Blackman one in the first 3½ minutes of the fourth period, giving New York an 82-76 lead it never lost.

In games played Saturday: Hornets 99, Celtics 98: Larry Johnson got the only basket in the second overtime in Boston and Charlotte survived Kevin McHale's 30 points to even their series at one game each.

It was McHale's missed free throw with 1:38 left, Boston's only miss in 17 foul shots, that allowed the Hornets to preserve their one-point lead and first playoff victory in their five years in the NBA.

Trail Blazers 105, Spurs 96: Clyde Drexler scored 21 points in his first extensive playing time in a month and Portland, at home,

came from behind in the final quarter to beat San Antonio and even their series at 1-1.

Drexler, who missed virtually all of the final 12 regular season games with a strained hamstring, put Portland ahead for good, 94-92, with a tip-in with 2:09 left to play.

The Blazers, who outscored San Antonio, 27-13, in the final quarter, went on to get seven straight points in a 29-second stretch of the final minute to put the game away.

Nets 101, Cavaliers 99: Derrick Coleman scored 27 points and grabbed 14 rebounds in Richfield, Ohio, to lead New Jersey over Cleveland and even their series at 1-1.

Clippers 95, Rockets 83: Ron Harper scored 12 of his 29 points in the third quarter of Los Angeles' upset in Houston, which evened that series at 1-1.

Deal Set to Sell Rockets
The owner of the Houston Rockets, Charlie Thomas, has signed a contract to sell the team to a Florida businessman, Les Alexander, and his partner, Bill Eising of Dallas, for an undisclosed amount. The Associated Press.

The deal, reported to be worth \$80 million, will not be completed until after the Rockets are finished in the playoffs, the team said.

Single by Baines in the Ninth Drives Orioles Past Royals, 4-3

The Associated Press
Harold Baines reached base for the 12th straight time by singling home the winning run with two outs in the ninth on Sunday in Baltimore to give the Orioles a 4-3 victory over the Kansas City Royals.

Baines has eight hits and four walks in 12 plate appearances in three games. The team record of 13 was set by Jim Dwyer in 1982.

Baines' opposite-field single to left off Dennis Rasmussen drove in Brady Anderson from second base. Cal Ripken was intentionally walked before Baines singled.

Harold Reynolds opened the ninth with a single and Anderson hit into a force play. Mark McLemore grounded out, sending Anderson to second, and Ripken was walked.

Blue Jays 6, White Sox 1: In Chicago, Pat Hentgen outpitched Jack McDowell, and Paul Molitor had three hits as Toronto ended Chicago's six-game winning streak. Hentgen combined with Danny

AL ROUNDUP

Cox on a five-hitter. Hentgen, making just his seventh major league start, retired 12 straight at one stretch. McDowell allowed four earned runs and nine hits in 6½ innings.

Toronto went ahead in the first on Molitor's third home run of the season. Darnell Coles doubled home a run in the second and scored on Luis Sojo's single to make it 3-0.

Yankees 3, Mariners 2: Bernie Williams drew a bases-loaded walk from Norm Charlton with two outs

in the 10th to lift the home team over Seattle for a three-game sweep.

The Mariners, playing for the second straight day without injured center fielder Ken Griffey Jr., tied it at 2 in the ninth when Tino Martinez led off with a home run against Jimmy Key.

Twins 6, Tigers 3: Kirby Puckett hit a tiebreaking home run in the eighth inning in Detroit to help lift Minnesota over Detroit. It was the Twins' second victory in a row after an eight-game losing streak.

Brian Harper homered in the Minnesota seventh, tying it at 3. Puckett hit his fifth home run in the second deck in left field on a 1-1 pitch off David Haas.

Red Sox 4, Angels 3: The Red Sox got two RBIs each from Billy Hatcher and Mike Greenwell to complete a weekend sweep of Cali-

fornia in Fenway Park. The Red Sox are now 9-1 at home.

Indians 10, Athletics 2: Junior Ortiz had three hits and scored three runs as Cleveland stopped the visiting Oakland in a game interrupted by a bench-clearing brawl.

In games played Saturday: Red Sox 3, Angels 1: Roger Clemens struck out 11 batters and pitched five-hit ball for eight innings at Fenway Park to lift Boston over California.

Scott Fletcher drove in two runs with a bases-loaded single, and Scott Cooper added an RBI single as the Red Sox scored all their runs in the second against Scott Sanderson.

Despite recent tendinitis, Clemens struck out every California starter except Gary DiSarcina and Luis Polonia. Polonia singled, dou-

bled and tripled, and scored the Angels' run in the first inning.

Twins 5, Tigers 2: Minnesota stopped its longest losing streak in three seasons at eight games as Shane Mack drove in three runs in Detroit.

Kirk Gibson's RBI triple put Detroit ahead in the fourth, but the Twins ended a 25-inning scoreless streak in the fifth with four runs.

Yankees 6, Mariners 2: In New York, Mike Witt won for the first time in three seasons, pitching three-hit ball for seven innings to lead New York over Seattle.

Sidelined for the second half of 1991 and all of 1992 because of an ailing elbow, and disabled at the beginning of this year with a groin injury, Witt came back to strike out three and walk three as New York won its fifth victory in six games.

Indians 1, Athletics 0: Jose Mesa pitched a four-hit ball for 8½ innings in Cleveland, and Albert Belle doubled home a run in the first as the Indians stopped a four-game losing streak.

Brewers 4, Rangers 3: Tom Brunansky, batting just .125, hit his first home run of the year off Bob Patterson with two outs in the 12th inning in Arlington, Texas.

White Sox 8, Blue Jays 2: Joey Cora's two-run single in Chicago started a five-run fifth as Jack Morris as the White Sox earned their sixth straight victory.

Royals 5, Orioles 4: Mike MacFarlane led off the ninth in Baltimore with a tie-breaking home run as Kansas City overcame a strong effort by Fernando Valenzuela to stop Baltimore.

He got in the way of somebody's war.



Nine out of ten casualties in modern warfare are civilians. The vast majority of its victims never wore a uniform or carried a gun.

In the so-called "post-war" period since 1945, at least 20 million people have died in over 100 conflicts. A further 60 million have been wounded, imprisoned, separated from their families and forced to flee their homes or their countries.

In over 30 armed conflicts, this human misery is happening now. Yet the Geneva Conventions—ratified by 164 states—lay down clear rules that all victims of war living under the darkness of conflict must be respected.

They have the right to protection from murder, torture, starvation and being taken hostage.

To focus attention on the plight of millions of civilians caught in the crossfire, the International Red Cross and Red Crescent Movement is launching a worldwide campaign to ensure that they get the protection and assistance to which they are entitled under international law.

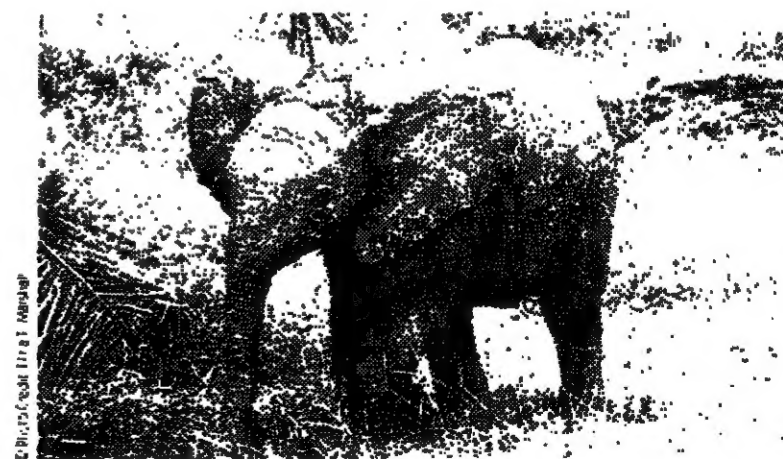
No matter who. No matter where. No matter when.

We call on governments and combatants everywhere to respect the rights of all victims who get in the way of somebody's war. Help us to help them.



World Campaign for the Protection of Victims of War

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This little elephant doesn't expect to be shot. He's lived free from the threat of poachers for the past two years. So in 1992, if some countries end the ban on ivory, he won't even know what hit him.

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MONDAY SPORTS

SCOREBOARD

BASEBALL

Major League Standings

(Through Saturday's games)

AMERICAN LEAGUE

East Division

Team	W	L	Pct.	GB
------	---	---	------	----

Detroit	15	8	.650	0
Boston	14	9	.609	1
New York	13	10	.565	2
Toronto	12	11	.520	3
Minnesota	11	12	.476	4
Baltimore	10	13	.435	5
Cleveland	8	15	.346	7

West Division

Team	W	L	Pct.	GB
------	---	---	------	----

California	12	7	.632	0
Chicago	11	8	.579	1
Seattle	11	7	.610	0
Kansas City	11	7	.610	0
Minnesota	10	7	.588	1
Oakland	7	12	.368	5

NATIONAL LEAGUE

East Division

Team	W	L	Pct.	GB
------	---	---	------	----

Philadelphia	17	6	.739	0
San Diego	17	6	.739	0
Atlanta	16	7	.696	1
Florida	15	8	.652	2
Pittsburgh	14	9	.609	3
New York	14	9	.609	3

West Division

Team	W	L	Pct.	GB
------	---	---	------	----

Houston	14	9	.609	0
San Francisco	14	9	.609	0
San Diego	13	10	.565	1
Los Angeles	12	11	.520	2
Colorado	9	15	.368	6

Thursday's Line Scores

AMERICAN LEAGUE

Team	W	L	Pct.	GB
------	---	---	------	----

Kansas City	8	8	.500	0
Toronto	8	8	.500	0
Philadelphia	8	8	.500	0
San Diego	8	8	.500	0
Atlanta	8	8	.500	0
Florida	8	8	.500	0
Pittsburgh	8	8	.500	0
New York	8	8	.500	0
Baltimore	8	8	.500	0
Cleveland	8	8	.500	0

NATIONAL LEAGUE

Team	W	L	Pct.	GB
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San Diego	8	8	.500	0
San Francisco	8	8	.500	0
San Diego	8	8	.500	0
San Diego	8	8	.500	0
San Diego	8	8	.500	0
San Diego	8	8	.500	0
San Diego	8	8	.500	0
San Diego	8	8	.500	0
San Diego	8	8	.500	0
San Diego	8	8	.500	0

Friday's Line Scores

AMERICAN LEAGUE

Team	W	L	Pct.	GB
------	---	---	------	----

Atlanta	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0

NATIONAL LEAGUE

Team	W	L	Pct.	GB
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San Diego	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0
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San Francisco	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0
San Francisco	8	8	.500	0

BASEBALL

Major League Standings

(Through Saturday's games)

AMERICAN LEAGUE

East Division

Team	W	L	Pct.	GB
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Boston	14	9	.609	1
New York	13	10	.565	2
Toronto	12	11	.520	3
Minnesota	11	12	.476	4
Baltimore	10	13	.435	5
Cleveland	8	15	.346	7

West Division

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California	12	7	.632	0
Chicago	11	8	.579	1
Seattle	11	7	.610	0
Kansas City	11	7	.610	0
Minnesota	10	7	.588	1
Oakland	7	12	.368	5

NATIONAL LEAGUE

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West Division

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Thursday's Line Scores

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Philadelphia	8	8	.500	0
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Pittsburgh	8	8	.500	0
New York	8	8	.500	0
Baltimore	8	8	.500	0
Cleveland	8	8	.500	0

NATIONAL LEAGUE

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Atlanta	8	8	.500	0
Florida	8	8	.500	0
Pittsburgh	8	8	.500	0
New York	8	8	.500	0
Baltimore	8	8	.500	0
Cleveland	8	8	.500	0

NATIONAL LEAGUE

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San Diego	8	8	.500	0
San Diego	8	8	.500	0
San Diego	8	8	.500	0
San Diego	8	8	.500	0

Friday's Line Scores

MONDAY SPORTS ICE HOCKEY

SELES: Flown to U.S.

(Continued from page 1)

out a serrated knife with a 12-centimeter blade with which he stabbed Seles once.

As Seles screamed, the guard and two spectators wrestled the man into submission, reportedly breaking one of his arms. Seles staggered away, reaching over her shoulder for the wound. Blood seeped from her white shirt as she was helped to the ground.

"He said about his motive that he is a fan of Steffi Graf and he could not bear Monica Seles being the momentary No. 1 of the world," a police spokesman said of Parche. "He said several times that he did not plan to kill Monica Seles, he only wanted to make her unable to continue playing. The way things look, he is saying the truth."

The tournament continued amid heightened security and a protest by 200 Serbs outside the tournament grounds. Spectators' bags were searched, and more officers were assigned to the tournament. The players' seats were repositioned, away from the stands, enabling a guard to be stationed on the court between contestants and spectators.

"You feel much more protected, relaxed," Sanchez Vicario said. "You feel better."

Graf, who admitted to walking the grounds alone Saturday, complained during her difficult three-set semifinal victory over Jana Novotna that the guards, especially the man hovering behind her in his stark white shirt and black trousers, "distracted me more than they helped me."

At her request, the guards were repositioned Sunday at the front row directly behind her and Sanchez Vicario. During the awards ceremony, two guards sandwiched Graf as she sat listening to speeches.

Asked whether the attack would further isolate players from their fans, Graf said, "I hope not. I really hope not. We tennis players have been put up more or less on a stage. We have to be closer to the people who watch us. I think nothing should change."

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As a security man ran toward her attacker, Monica Seles collapsed on the court in Hamburg after being stabbed in the back.

Graf said she would have dropped out of the tournament had Seles's injuries been worse. Asked about the assailant's motive, her eyes welled as she said, "That concerned me even more." When she visited her rival in the hospital, both had trouble talking.

"I said to her how I felt, how it also hurt me in a way," Graf said Saturday. "Her parents were with her, and her brother. She is feeling very bad at the moment. The wound itself is not the problem, but what goes on in her head. I told her that all of us think of her and that we feel really sorry for her."

Novotna said: "When she realizes what has happened to her, I think that's going to hurt her more than the injury itself. Now she has a good chance to prove to us that she is mentally strong on the court, but also that she is so mentally strong off the court. I do wish that she will be able to do that."

As Graf played Saturday, she could hear the chants of "Monica, Monica" from Serbs outside the stadium. Seles is an ethnic Hungarian who was born in Novi Sad, the capital of Vojvodina, an autonomous province in the former Yugoslavia claimed by Serbia. She now resides in Sarasota, Florida.

Though she has long maintained that sports and politics are not related, she has received death threats for two years resulting from the war in her former homeland. Tournament officials said they knew of no warning before the attack.

Within an hour of the start of the Serbs' rally, tournament organizers brought Seles's mother, Esther, from the hospital to address the crowd.

"Thank you very much for coming," she told them through a bullhorn. "I'm sorry Monica was not able to come here. It is impossible



The knife used in the attack, in a photo taken off German TV.

for anybody to visit Monica in the hospital." Removing her glasses, she began to cry. Women in the audience were

crying as well. Within 10 minutes the crowd was marching away, to chant the name "Monica" outside the hospital.

Russia Beats Sweden, 3-1, For World Championship

The Associated Press
MUNICH — Russia's team of young, hungry rookies scored twice in the first period Sunday and held off Sweden, 3-1, to win the World Ice Hockey Championship.

It was the first world title for Russia, which made its debut as a country in last year's tournament but lost to Sweden, 2-0, in the quarterfinals.

The former Soviet Union had won a record 22 titles since 1954, the last in 1990.

German Titov, Andrei Nikolishin and Andrei Khomutov scored before a near-sellout crowd of 10,500 in the Olympic Hall that included Juan Antonio Samaranch, president of the International Olympic Committee, and Chancellor Helmut Kohl of Germany.

The Russians also took the lead against Sweden in the preliminary round here, but then lost by 5-2 to the two-time defending champions.

This time, the Russians never allowed the Swedes to come back as goalie Andrei Trefilov made several key saves.

Valeri Karpov, a rookie left wing, set up linemates Titov and Nikolishin for the first two goals.

Titov's goal, just 1:39 into the game, came after a fast break on the right flank. Goalie Tommy Soderstrom stopped a shot from point-blank range, but the puck bounced over his body and trickled into the net.

Then Karpov and Nikolishin traded passes on a 2-1 breakaway and Nikolishin finished it off with a tap-in past the sprawling goalie at 7:03.

Trefilov, who plays for the Calgary Flames, made two dazzling saves as the Swedes put the pressure on in the last 10 minutes of the opening session.

Khomutov swept a low rebound from the slot past Soderstrom to make it 3-0 at 7:49 in the second period.

Mikael Renberg spoiled Trefilov's shutout bid with a controversial goal at 9:36 in the third period that first was disallowed by American referee Rob Hearn following a wild scramble in front of the net. A Russian defenseman fell backwards in the crease and glided into the net, his body covering the puck.

Swedish coach Curt Lundmark yanked Soderstrom for an extra attacker with less than three minutes

remaining. But the Swedes failed to capitalize on the man advantage.

Khomutov finished with five goals and seven assists, second behind Canada's Eric Lindros in scoring during the tournament.

Lindros had 11 goals and six assists, but the Philadelphia Flyers' big rookie center had a disappointing playoffs and scored only one goal in Canada's 7-4 loss to Russia in Friday's semifinals.

Canada, the only team with a perfect 5-0 record in the preliminary round, then lost Saturday's bronze-medal game, 5-1, to the Czech Republic.

Thomas Rundqvist scored the game-winning 8:38 into overtime as Sweden edged the Czechs, 4-3, to reach its third straight final.

Norway beat Switzerland, 5-2, Saturday in a relegation game. That dropped Switzerland, a sensational semifinalist last year, to the B group championships in 1994.

The Swiss will be replaced by Britain, while Norway will stay in the elite group along with France and Austria, the other two teams that failed to make the quarterfinals. Next year's championships will be held in Italy.

Maple Leafs Gain Norris Finals

The Associated Press
An overtime goal by Nikolai Borschevsky at 2:35 lifted the Toronto Maple Leafs to a 4-3 victory over the Red Wings in the seventh game of their first-round playoff series.

The Maple Leafs will host the St. Louis Blues to start the Norris Division finals Monday night.

Bob Rouse, who had a goal in the second period, sent a perfect pass from the right circle to Borschevsky, who deflected the puck past goaltender Tim Cheveldae on the slick side on Saturday in Detroit.

The Maple Leafs, who had the only two shots in the overtime, outshot the Red Wings, 35-27, in the record 14th overtime game of the first round. The previous record was nine.

The last time the Maple Leafs and Red Wings needed overtime to

decide a seven-game series occurred on April 9, 1950, when Detroit beat Toronto, 1-0, to win the semifinals.

The shots were tied at 23 for each side, Detroit was clinging to a 3-2 lead, and the game had been penalty-free as the third period opened.

Detroit's Jim Hiller drew the game's first penalty for high-sticking.

STANLEY CUP

ing Sylvain Lefebvre at 11:50 of the third period, but the Maple Leafs didn't get a shot on goal during the two-minute advantage.

Doug Gilmour's third goal of the series, from between the circles on a pass from Wendel Clark, tied the game at 3 at 17:17 of the third period. The Maple Leafs outshot Detroit, 10-4, in the third period. The first period ended in a 1-1 tie

on goals by Toronto's Glenn Anderson and Detroit's Paul Ysebaert.

In the second period, Detroit's Shawn Burr and Dallas Drake sandwiched goals around one by Rouse for a 3-2 Red Wings lead.

Anderson's first goal of the series gave Toronto a 1-0 lead at 7:25 of the first period. The play started at center ice when Gilmour knocked the puck away from Shawn Burr. Gilmour skated around defense man Yves Racine in the left circle and passed back to Anderson, who snapped a shot over Cheveldae's glove from the point.

Ysebaert tied the game with his third playoff goal at 10:37 of the first period. Sergei Fedorov skated up the right side and fed a pass across the goal to Ysebaert, who fired a low shot at a tough angle past Toronto rookie Felix Potvin.

SIDELINES

Davis Wins Cannes Open Playoff

CANNES, France, (UPI) — Veteran Australian Roger Davis, with a par Sunday on the first hole of a sudden-death playoff, defeated Mark McNulty of Zimbabwe to win the Cannes Open golf tournament.

McNulty had shot the best round of the week, a 7-under-par 64, while Davis shot 70. They finished a stroke ahead of Jamie Spence of England, who began the round tied with Davis for the lead but hit a shot into the water on No. 14, and the young Swede Pierre Fulke, who had shared the lead for the first two rounds.

Blaine McCallister took a two-shot lead over Jim McGovern and John Hostler in Sunday's final round of the Houston Open after the third round was rained out.

Manchester United Is Given Title

LONDON (Reuters) — Manchester United won the English soccer title Sunday for the first time in 26 years when second-place Aston Villa, playing at home, lost its Premier League match to Oldham on Nick Henry's goal in the 29th minute.

Villa's loss left it four points back with one match to play and ensured that United would get the title even if it loses its last two matches, at home to Blackburn on Monday and away to Wimbledon next week.

The Dutch league match between visiting champion PSV Eindhoven and relegation-threatened FC Dordrecht '90 was abandoned after police received two bomb threats at halftime.

Gary Lineker, the former England striker, scored his first goal in Japan to give Nagoya Grampus Eight a 2-1 victory over Italy's Lazio in a friendly match. (Reuters)

Swiss Stun Italians in Cup Qualifier

BERN, Switzerland (AP) — Switzerland virtually clinched its first World Cup berth since 1966 with a 1-0 victory over Italy in a European Group 1 qualifying match Saturday.

Defender Marc Hottiger scored the goal in the second half. Italian midfielder Dino Baggio had been sent off seconds before halftime for a rough tackle.

Switzerland's first victory over Italy in a major championship in 39 years left it the only undefeated team in the six-nation group, which it now leads by two points over Italy. The top two teams reach next year's World Cup finals in the United States.

Judge Approves NFL Labor Pact

MINNEAPOLIS (AP) — A favorable decision by a federal judge in an NFL labor settlement seems likely to close a major chapter in the league's 20-year battle with its players over free agency.

U.S. District Judge David Doty gave final approval Friday to the settlement that set up the NFL's new free agency system. In doing so, Doty rejected complaints from dozens of players that the plan limits their earning power and barred players from filing new lawsuits on the issues covered in the settlement.

In a 115-page opinion, Doty said the labor agreement announced in January was "fair, reasonable and adequate" to the players who filed a class-action lawsuit challenging the league's Plan B free agency system.

For the Record

Slobodan Jankovic, the Serbian basketball player who in anger rammed his head against a concrete support over a referee's call in Athens, was out of danger but paralyzed from the waist down after surgery on his fractured neck vertebrae. (AP)

Nobuoaki Wakai, a Japanese rider in the Spanish motorcycling Grand Prix, died in a hospital in Seville after crashing during the final practice for Sunday's race. (Reuters)

David Wayner, 34, a durable defensive back for 13 seasons with the NFL's New Orleans Saints, San Francisco 49ers and the Los Angeles Raiders, collapsed and died at his farm home outside Mooresville, North Carolina. A preliminary autopsy showed that he had recently ingested cocaine. (NYT)

John Jenkins, the embattled Houston football coach, resigned in the wake of allegations by a former assistant and several former players that NCAA rules had been violated. (AP)

Alex Zalle, the Swiss cyclist leading the Tour de Spain, did not test positive for a controlled drug, International Cycling Union said, Spanish authorities blamed an erroneous report to the contrary on a translation mix-up. (AP)

Lieutenant Mike Whitley, 26, of York, England, was killed when a van carrying the Duke of Wellington Regiment's rugby team crashed in Georgia. Seventeen other men, including the U.S. soldier who fell asleep while driving the van, were injured. (AP)

Mellon's Sea Hero Wins Kentucky Derby

By Andrew Beyer
Washington Post Service

LOUISVILLE, Kentucky — A Kentucky Derby victory, one of the few goals to have eluded Paul Mellon, the illustrious owner and breeder who, at age 85, has started to scale down his thoroughbred operations, is his at last.

His Virginia-bred colt, Sea Hero, made an explosive move on the rail at Churchill Downs on Saturday and drew away to win the 119th running of the Derby by 2 1/2 lengths over Prairie Bayou, the favorite. Wild Gale finished third.

Jerry Bailey's flawless ride gave Mellon an extraordinary racing distinction: He has won the most important race in each of the three most important racing countries in the world.

It had seemed an almost quibbolic, now-or-never decision when Mellon and his 72-year-old trainer,

Mack Miller, decided to enter Sea Hero in the Derby. The colt hadn't won a race all year, and the cautious Miller has dodged the Derby in past years with horses who had better credentials.

But this year's field appeared to be exceptionally weak, and many trainers were figuring that any horse who hit his peak form Saturday would have a chance to win the race and the main share of its \$985,900 purse.

That horse was Sea Hero.

Bailey knew Sea Hero would have to come from off the pace. When the gate opened, he steered his mount from post position No. 6 to the rail, sat there and hoped that he would eventually be able to find running room in the 19-horse field.

As expected, jockey Rick Wilson popped out of the gate from the inside post and sent Storm Tower to the lead.

On the backstretch, Storm Tower began to weaken — he wound up finishing 16th — and Prairie Bayou inherited the lead. Union City and Diazo made abortive moves outside the leader as Bailey stayed inside and found running room.

"It was like the paring of the Red Sea," Bailey said.

He got through inside some tiring horses, then encountered brief traffic and steered outside. On the turn, he had a pack of horses in front of him.

"I was looking for the outside," he said, "and then the rail opened" as the other stretch-runners were trying to make the classic wide swoop on the turn that often wins the Derby.

Bailey shot inside Personal Hope and, Stevens would say later, "Sea Hero ran by me like I was tied up." When he passed the leader, Sea Hero had clear sailing from the top

of the stretch to the wire — and nobody seriously threatened him. Prairie Bayou circled five-wide and made his usual late run, but it wasn't enough, and he barely overhauled Wild Gale, a lightly regarded member of the mutual field, for second place.

Personal Hope was fourth, trainer Bill Shoemaker's colt Diazo was fifth and Corby was sixth.

Sea Hero's winning time was a moderate 2:02 2/5 over a very fast track for the 1 1/4 miles (2.01 kilometers), a performance that seemed to confirm unenthusiastic pre-race assessments of this 3-year-old crop.

Mellon's Rokeby Farm has produced top horses on two continents for more than 30 years. Mill Reef won the Epsom Derby and the Prix de l'Arc de Triomphe. Arts and Letters finished second in the Derby and Preakness before winning the Belmont Stakes. But Mellon and Miller had not brought a horse to the Derby since 1968.

"You can't put into words what this means," Mellon said. "It's very exciting, something you never believe is going to happen until it does."

Miller, the man who had often seemed to disdain the Derby and all its hoopla, acknowledged: "This is the ultimate. This is the best. It almost makes you cry."

Bin Ajwand, a 66-1 entry ridden by Bruce Raymond, was third. Silver Wizard faded to sixth.

"He ran as straight as a gun barrel," said Eddery after his 11th classic victory.

Zafonic Breaks Record in 2,000 Guineas

The Associated Press

NEWMARKET, England — French-trained Zafonic reared back last place to a record-breaking victory in the 2,000 Guineas, the second classic race of the English horse racing season.

Zafonic's time of 1 minute, 35.32 seconds was the fastest in the 185-year history of the prestigious race.

Rated the 5-to-6 favorite by the bookmakers, Zafonic was running last in the 15-horse field Saturday as the thoroughbreds passed the

half-way point in the straight one-mile (1.6-kilometer) race.

Veteran jockey Lester Piggott, on Silver Wizard, had the lead and was setting a fast pace that would force most of the favorites to drop out of contention.

But Jockey Pat Eddery moved Zafonic to the outside, then shifted the 3-year-old colt into overdrive with 400 meters to go.

Sarathea, ridden by Michael Roberts of South Africa, tried to go

with Zafonic and at one stage appeared to be closing.

But Eddery pulled away and Zafonic, owned by Prince Khalid Abdullah of Saudi Arabia, was 3 1/2 lengths clear of 10-1 shot Sarathea at the finish line.

Bin Ajwand, a 66-1 entry ridden by Bruce Raymond, was third. Silver Wizard faded to sixth.

"He ran as straight as a gun barrel," said Eddery after his 11th classic victory.

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